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Policy Review

Privatizing the Environment
ROBERT J. SMITH

Rescuing Reaganomics
DAVID HALE

Sex According to Social Science
ALLAN C. CARLSON

Law at Sea
W. SCOTT BURKE
AND FRANK S. BROKAW

Myths of Sunbelt and Frostbelt
RICHARD B. McKENZIE

What's Good for General Motors
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Controversy

Foreign Legion?

Ernest van den Haag's proposal for an American Foreign Legion ("An American Foreign Legion?" Fall 1981) is a fine example of the creativity automatically rejected by decadent polities (and politicians) as "unthinkable," "unacceptable," and so on. Contrary to the usual reaction I get when I try this idea on unsuspecting friends, a Foreign Legion would be squarely in American traditions. It would rescue the tradition of voluntarism, always awkward to reconcile with periodic conscription. It would integrate it with the tradition of immigration, sustained and indeed strengthened in recent years without much obvious regard for national welfare or interest. And it would provide a refuge for the principle of merit, currently endangered for domestic political reasons.

Foreign Legions are not as rare as is generally believed. Currently the most prominent is probably the army of Libya, financed by petrodollars and swelled far out of proportion to the desert state's size by Moslem—and now, it appears, American—mercenaries. But historically not only the French but also the British Empire was largely built by hired soldiers. In the case of Britain, the troops were employed by the Chartered Companies who actually represented Britain in their respective franchises. The British Army's famous Irish-Catholic regiments—the Connaught Rangers, Munster Fusiliers, and so on—all traced their origin to the largely Irish force recruited by the East India Company about 200 years ago.

(While we're being creative, maybe we should consider reviving the Chartered Company-state monopoly concept. NASA would be an obvious candidate. The efficacy of the profit motive was surely emphasized by the fact that it was Ross Perot, and not President Carter, who rescued his employees from the Ayatollah.)

There is a sense, however, in which an American Foreign Legion would be unique. America is not only a nation but also an idea. It has adherents in every country on the globe. Its legionnaires would be idealists, and their volunteering would be a standing reproach to their governments: a sort of inverse human rights policy.

Of course, we must make some concession to contemporary taste. "Foreign Legion" sounds imperialistic, but what hearts could be melted at the idea of an "International Brigade."

Peter Brimelow
BARRON'S
New York

Ernest van den Haag replies:

Peter Brimelow has done something I also thought impossible: he has greatly improved on my original idea and its elaboration. I am grateful.

Radical Academics

Guenter Lewy wrote a superb piece ("Academic Ethics and the Radical

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Left," Winter 1982). As someone who teaches Marxism and has been attacked quite often by leftists for daring to do so without being a Marxist, and as one who often does face to face ideological "combat" with Marxist intellectuals, I can add very little to what the article offers. But a few points are worth stressing in addition to those already covered by Mr. Lewy.

First, although perhaps the fact/value distinction can be upheld with some fruitfulness regarding some subjects in university curricula, the task is almost impossible when some of the social sciences come to mind. For instance, what are the facts concerning political science? Are they not all framed within a normative political outlook, as not only Marxists but also Strausseans have argued for decades? Can one simply describe the workings of a democracy or do such "descriptions" import certain values which can be unearthed with some conceptual digging? And what about economics? Does not the very idea of a market presuppose, as Marxists are eager to point out, the existence of a value-laden legal framework in which property rights are accepted as just, morally legitimate? Yet those who teach political science and economics would rarely admit that they are involved in a value-laden enterprise or are in fact engaged in indoctrination. Marxists, then, are not entirely off the mark when they retaliate by saying that at least they are honestly engaged in advocacy, while students of Milton Friedman merely posture as scientists as they in fact inculcate the ideology of the free market. Of course, the appropriate response would not be to engage in combative indoctrination but to treat the various approaches to studying economics as competing hypotheses with normative content.

Second, while it is important to consider the professional ethics of university level educators, it is also important not to lose sight of the difficulty presented to the professional by the fact that most universities are funded by the public, via taxation. By the principles of public administration and taxation with representation certain problems arise in education that Mr. Lewy did not discuss, including whether *the will of the people* or *the standards of due process* should take precedence in the determination of what approach will be taken to handling various subjects. A Marxist engaging in revolutionary indoctrination can claim that since Marxists pay taxes as do others, Marxists are entitled to provide their input into the university curriculum. In a liberal society one simply must accept pluralism in the way teachers conceive of their tasks, including Marxist "teachers." This may conflict with the popular will, of course, and that's just the trouble. (The libertarian has the right solution. Let us separate education and the state just as we do education and the church! Then at least no problem of *public* policy will arise in the field of education.)

Finally, in fairness to the Marxists we usually find in American universities—so-called "democratic" Marxists, e.g., Loyd D. Easton, G. A. Cohen, Alan Gilbert—they do not align themselves with Cuba, the Soviet Union or China, just as Milton Friedman, F. A. Hayek, and Ayn Rand, defenders of capitalism, do not uphold contemporary U.S. society as characteristic of the society they regard as best suited to human beings. So empirical evidence from Poland, the U.S.S.R., Albania, and the like will no more deter these Marxists from having confidence in the ultimate workability and justice of their preferred ideal than it would

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deter Milton Friedman from being a free marketeer that unemployment in the United States was around 9 percent in 1981 or that the post office is inefficient.

The confrontation between those who defend Marxism and those who reject it must be on substantive issues and proceed by a very deep comparative approach, all the way to examining the dialectical method, materialism, behaviorism, collectivism, etc., etc. No mere citing of so-called empirical data will do the trick.

Tibor R. Machan
Visiting Associate Professor
University of California
Santa Barbara

Thank you for Guenter Lewy's article. It was a welcome addition to a growing literature on what I find to be a dreary but necessary topic. George Orwell pointed out many years ago that there is a general leaning among Left intellectuals toward "smelly little orthodoxies," and I only wish Professor Lewy had made more of his concluding remark that the unethical and unprofessional conduct of a certain stripe of Marxist academic extends also to "some of those who call themselves liberals and who often hold very similar negative attitudes toward the traditional values of American society."

Professor Lewy acknowledges that it's difficult to tell how much influence radical teachers may exert, and he's rather vague about "political disillusionment and cynicism, attitudes displayed by many students today." But my own experience impels me to bring up a rather touchy point. Like Professor Lewy, I have no precise idea of the influence wielded by the academic mountebanks he describes; but I do have an *impression* of the sort of *student* likely to be victimized by the intellectual charlatan.

Once a year I teach a writing course that deals specifically with the techniques of research and the rhetoric of controversy. Every year—without fail now for ten years at two different universities—I have had at least one and as many as three students (out of 25 to 30) in that course whose work exhibits advanced symptoms of intellectual victimization: political dryrot, ideological fever, reductive or monistic purviews, etc. A few years ago, for example, I got a "research paper" from one such student on the topic of "liberation theology": an astonishing performance—a blistering, uneven, thinly supported screed; a veritable compendium of Marxist invective and cliché. When I asked her about her sources, she told me incidentally that she had picked up on the topic in one of her "religious studies" classes.

Now here's the touchy part. This student shared one salient trait with every one of the other students with whom I've had similar encounters: quite aside from her new-found political views, she struck me as being horrendously, fabulously, hermetically *neurotic*. Not that I'm strictly qualified to make such a judgment; but after ten years of observing a few thousand students at close range, one learns to spot the flakes *ad hoc*. I have never once encountered a student of high intelligence or emotional security or both who showed any signs of being taken in by Leftist academic quackery; by the same token, I have never encountered a victim of such quackery who didn't strike me as very insecure and emotionally quite vulnerable.

In his engaging "Foreword" to Arnold Beichman's *Nine Lies About America*, Tom Wolfe refers to the radical intellectuals in Mr. Beichman's study as "serious-minded, morose, morbid to the point of gangrene, some of them . . . and quite out to lunch." I

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think Wolfe's description is on target, but I can't find the characters quite so hilarious as Wolfe does, nor so threatening as Professor Lewy apparently does. I find the characters nauseating, that's all—because of their fundamental cowardice: they are intellectual bullies who prey on the ill-informed and the emotionally weak. I don't believe they are a social threat of any significance; but I'm certain they can be a devastating personal threat to the few troubled kids who come under their sway. Unfortunately, education in clear thinking is of no avail to the sort of insecure student most likely to be intellectually victimized.

John R. Dunlap
Lecturer in English and Classics
The University of Santa Clara
Santa Clara, California

Guenter Lewy replies:

Tibor R. Machan's comments touch upon basic epistemological assumptions and questions of method to which it is difficult to do justice in limited space. I agree that the social sciences are "soft" sciences, that much of their terminology involves value-laden terms, and that they operate within a legal framework that often is taken for granted. But that does not mean that all social scientists indoctrinate in the same manner as do Marxists who teach Marxism as *the* science of society. It is possible for social scientists to acknowledge as well as to question the framework within which they develop their generalizations and many indeed do just that. Moreover, even in the soft social sciences there are facts that can be established as facts. Figures on party membership, the percentage of citizens voting, the outcome of elections, statistics on production, income, housing, and much else are facts which the social scientist can ascertain without too much difficulty and from which he can derive insights into the political and social processes of a country. This was the kind of scholarship to which Max Weber was committed and where the fact/value dichotomy has a place. In attacking Weber on this basic issue, neither Marxists nor Strausseans have provided arguments that I find convincing.

Second, while universities should be open to different schools of thought, the education of revolutionaries has no place in the curriculum. The pluralism of approaches that should exist can accommodate scholars who are Marxists but not those doctrinaire believers who claim to have a monopoly on the truth and who insist on using the classroom for the propagation of their gospel of secular salvation. A state university, it seems to me, can implement this principle no less effectively than a private institution. Indeed, it probably will have to do so because the people who support public higher education with their taxes will demand no less.

As to those whom Mr. Machan calls "democratic" Marxists and whom I have referred to as Marxist scholars, such persons are entitled to have confidence in the ultimate workability of their preferred ideal society as long as they honestly acknowledge the empirically demonstrable shortcomings of the so-called socialist countries. The problem of a "due regard for truth" arises only in the case of those radical teachers who intentionally close their eyes to the severe economic and social problems and the grave violations of human rights that characterize countries like the Soviet Union, Cuba, and China.

John R. Dunlap's comments regarding the type of student likely to be victimized by radical indoctrination are suggestive, but my impressions do not fully correspond to his. I have encoun-

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tered many students of great ability who were being taken in by leftist demagoguery, and not all radical teachers are intellectual bullies. More importantly, and perhaps fortunately, the discovery of a remedy for the unethical and unprofessional conduct of such teachers does not depend on correctly assessing the personality type of either the perpetrators of this kind of intellectual mischief or their victims. What is called for is a reassertion of integrity and professionalism on the part of members of the academy. The neurotics will always be with us, the Marxist charlatans who abuse academic freedom can be repudiated and cast out.

Government Evades Taxes

While it may be theoretically true that whatever ends a state may seek through the tax and expenditure process may also be pursued by direct commands or regulations over its citizens, it does not follow that constitutional constraints on taxing and spending are ineffectual. The "straightforward" lesson drawn by Professors Bennett and DiLorenzo ("How the Government Evades Taxes," Winter 1982) that, "the balanced budget amendment is likely to be a totally ineffective constraint on federal spending" misses the point that much government activity could only with great difficulty be carried out "off-budget" or without explicit monetary transfers.

The authors also fall to the error of assuming that what is known as the "balanced budget amendment" actually deals in the terminology of "budgets." In fact, S.J. Res. 58, the version of the amendment supported by the National Tax Limitation Committee, the National Taxpayers Union, and approved by the Senate Judiciary Committee, contains the following definition in order to cover "off-budget" items: "Total receipts shall include all receipts of the United States except those derived from borrowing and total outlays shall include all outlays of the United States except those for repayment of debt principal."

There are presently no institutional constraints on spending and taxing – constraints that would force tax-consumers to compete against each other for a limited amount of tax dollars. Prior to the 1960s such a constraint existed in the unwritten but adhered to rule that over time public budgets would be balanced, but that rule has been replaced by the general acceptance of fiscal and monetary manipulation by the federal government.

A mandatory constitutional restriction on federal spending would be the first step in bringing spending and taxing under control. While such an amendment would certainly not be a cure-all, it would make all taxation explicit, it would solve the problem of deficit induced inflation, and it would tend to slow the growth of federal spending.

Jule R. Herbert, Jr.
President
The National Taxpayers
Legal Fund

James Bennett and Thomas DiLorenzo reply:

We agree with Mr. Herbert on several points. First, it is indeed "...theoretically true that whatever ends a state may seek through the tax and expenditure process may also be pursued by direct commands or regulations..." We would add that this is empirically, as well as theoretically true, as ample economic research in the field of public choice demonstrates. Second, we also agree with

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Mr. Herbert's conclusion that a mandatory constitutional restriction on federal spending would be a first step in bringing taxing and spending under control, although the historical record of attempts at budgetary control through constitutional means leaves us somewhat pessimistic over how far such a first step would take us.

Third, as Mr. Herbert correctly states, fiscal and monetary manipulation by the federal government has indeed left us with a federal government which is out of control. Our pessimism regarding the ability of a constitutional amendment to reverse this trend is perhaps best expressed in statements made by economist William Niskanen in a recent review of a very important book written by James Buchanan and Geoffrey Brennan (*The Power to Tax: Analytic Foundations of a Fiscal Constitution*). In Mr. Niskanen's words, "As with most of the new constitutional analysis literature, the authors assume that government is constrained by the constitution. It is not obvious, however, why a government powerful enough to maximize revenue would not also override the fiscal constitution. The analysis of why, when, and where governments are constrained by the constitution has yet to be performed." We believe that our article is a first step toward performing such an analysis, and are currently working on a book which deals with this topic. In short, the jury is still out. We are only beginning to understand how government can be expected to operate under the constraints of various tax and spending limitations.

Mr. Herbert states that our conclusions miss the point that "much government activity could only with great difficulty be carried out 'off-budget' or without explicit monetary transfers." Evading tax and spending limitations most certainly involves much effort on the part of politicians and bureaucrats, but as we indicated in our article, such efforts have in the past been carried out routinely and effectively at all levels of government. Apparently, the marginal benefits to politicians, in terms of enhanced opportunities for empire building and assuring reelection, have far outweighed the marginal costs, in terms of time and effort, of inventing mechanisms for subverting constitutional limitations on taxing and spending. After all, what "better" things do politicians have to do with their time—solve the problems of inflation, unemployment, poverty, and so on—problems which justify their very existence? History would hardly bear this out.

Without exception, every type of constitutional limitation on taxing and spending we have studied thus far has been routinely evaded to some degree, and in many instances cited in our article, to an astounding degree. We do not expect a balanced budget amendment to significantly reduce the fiscal and monetary manipulation by the federal government—practices which have gained wide acceptance ever since Franklin Roosevelt abandoned the classical balanced budget philosophy and embraced Keynesianism. We sincerely wish that this were not true, but the existing evidence indicates that our hopes are not likely to be realized. What is needed is a better understanding of why, when, and where governments are in fact constrained by the Constitution so that we can accurately assess our options for effectively reducing the size as well as the growth of government.

Writers Congress

I have just read with a great deal of interest and appropriate dismay the

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article by John Podhoretz ("A Confederacy of Dunces," Winter 1982). My dismay was two-fold; one, at the appalling disclosures of the dishonesty practised by the American Writers Congress; and two, at the fact that the author did not bother to check with Mobil as to its so-called support of the American Writers Congress.

The author himself states that "The Inviting Committee made it seem as though this was to be a real Writers Congress and would be an important event because it had the backing of America's best-known." And then he concludes "So the Congress was a fake—a monument to dishonest advertising, a form of bad faith...." One would almost think that he had had access to Mr. Robert Maxon's letter of October 21st, 1981, addressed to Ms. Ann Marie Cunningham, Project Director of the American Writers Congress, wherein Mr. Maxon points up the deceit of this organization and demands a return of the Mobil Foundation contribution. This was reported in *The Wall Street Journal* on December 23rd. Mr. Maxon wrote: "The meeting was not directed at preserving the character and quality of our literary culture—it was a political platform to advance causes contrary to the fundamental democratic ideals upon which America is based. The Congress was a forum for people like LeRoi Jones and William Kunstler to air their shop-worn grievances against society and for a person like Roberto Marquez to mouth the familiar charges of American 'imperialist exploitation' and 'open aggression against Cuba.' "

The *Policy Review* enjoys wide dissemination. The final paragraph of the article is probably more compelling to the reader than the article itself, because by the time he has read the article, the reader is so incensed over the deceit and chicanery spelled out, he is looking for a scapegoat. The author's last paragraph gives him that relief and he then can vent his anger on Mobil Foundation, amongst others.

We have long criticised the media for not checking facts and I must say I am most critical of the editors of *Policy Review* and ask that an appropriate commentary be included in the next possible edition.

Edmund P. Hennelly
General Manager
Public Affairs Department
Mobil Oil Corporation

The Editor replies:

In the absence of Mr. Podhoretz, may I reply to Mr. Hennelly's letter. First, the journalistic obligation is to check facts, not whether people regret foolish actions. Mr. Podhoretz was perfectly accurate in reporting that the Mobil Foundation had given financial support to the "American Writers Congress." Second, *The Wall Street Journal*'s report of Mobil's request for the return of its contribution appeared two days after the publication of *Policy Review* containing Mr. Podhoretz's article. He could hardly have foreseen Mobil's second thoughts. Finally, we are delighted that Mobil withdrew its support from the Congress and wish other companies would display similar sense. But it was surely a misjudgment in the first place to imagine that a Writers Congress organized by *The Nation* would bear some resemblance to a literary event.

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Privatizing the Environment

ROBERT J. SMITH

One of the little noticed, but possibly most significant, events which occurred during the brief Polish experiment with an open society following the creation of Solidarity, was the formation of the Polish Ecological Club. The heady experiment with freedom not only made it possible for the Club to be formed, but it afforded the opportunity for concerned scientists and ecologists to freely and openly exchange information, and then to disseminate this information internally and externally.

Prior to the rise of Solidarity, little factual information as to the degree of environmental degradation was available, and that was a closely guarded and strategic state secret. During the late 1970s an informal and secretive group of environmental scientists had met to discuss ways of circumventing the censor, and in September 1980 this quickly blossomed into the creation of the Polish Ecological Club in Cracow. By October 1981 it had become a nationwide organization of over 1,000 members.

The first information concerning the astonishing scope of environmental degradation in Poland reached the West in the Fall of 1981 following an environmental fact-finding tour of southern Poland sponsored by the Protection of the Environment Club of the Association of Polish Journalists. The participants included journalists from the five other Eastern European countries (the Soviets declined the invitation) and one Western news organization, Earthscan, a British-based environmental group. It was through the efforts of Lloyd Timberlake, editorial director of Earthscan, that the West has learned of the Polish problems. Mr. Timberlake reported, "Officers of the Polish Ecological Club claim that before Solidarity all information on pollution was censored, that scientific reports were filed away and ignored, and that scientists had to exchange information secretly."[1] The information that has now become available portrays Poland as suffering probably the worst pollution of this century.

1. Lloyd Timberlake, "Poland—the most polluted country in the world?" *New Scientist*, October 22 1981, p. 250. (The data on the degree of Polish pollution are from Timberlake's article.)

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One of the Ecological Club's first reports dealt with the industrial pollution in the Katowice region, the industrial heartland of Silesia in southern Poland bordering on Czechoslovakia. The mining and industrial towns, containing 2 percent of the Polish area and 10 percent of its population, produce 31 percent of the nation's coke, 32 percent of the electricity, 52 percent of the steel, 98 percent of the coal, and 100 percent of the zinc and lead. The impact on the human and physical environment is staggering. The people suffer 15 percent more circulatory disease, 30 percent more tumors, and 47 percent more respiratory disease than other Poles; altogether, 24 percent of all cases of occupational disease occur there. Chemical and particulate or dust pollution falls on urban areas in the region in amounts far exceeding the national limits. Acid rains have so corroded railroad tracks that trains are not allowed to exceed twenty-four miles per hour. The worker's housing and garden plots abut the factories and mines in a picture reminiscent of the dreary towns of Britain's Industrial Revolution. The lead content in garden soil samples ranges from 42 to 8890 parts per million (ppm), with the national limit being 20 ppm. Contamination from other heavy metals so far exceeds allowable limits (cadmium was 4–16 times in excess) that the Club's report recommended that 17 percent of the region's farmland be retired because of the health consequences of the contamination.

Another serious environmental problem resulted from the continuous pumping of water from the coal mines. This produced severe land subsidence throughout the region, which in places exceeded 200 feet. In the period from 1975–1981 this destroyed 300,000 apartments, which was approximately one-third of all those constructed during the period. Some 8,000 underground sewage and water pipes were broken annually. The mine seepage, pumped into nearby rivers and streams together with untreated sewage, produced severe water pollution which made 63 percent of the region's waterways unfit for human or industrial use. Professor Stefan Jarzebski, head of the Institute of Environmental Engineering of the Polish Academy of Sciences was reported saying, "Katowice may have the worst pollution problem in the world."[2]

Forty-two miles to the southeast of Katowice lies Cracow, Poland's ancient capital, the former seat of its kings on Walwel Hill's

2. *Ibid.*, p. 249.

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castle and cathedral—a city of such rare and splendid thirteenth century Gothic architecture that it is on UNESCO's World Heritage List of cultural sites, monuments and natural areas of unique universal importance to all humanity, along with such sites as the Palace and Park of Fontainebleau in France, the Medina of Fez in Morocco, and Abu Simbel in Egypt. Although it was spared during World War II, it is now little more than a gigantic chemistry laboratory. The chemical pollutants from Katowice rain down from the prevailing northwesterlies, there to mix with the indigenous pollution from the aluminum plant and the Lenin steelworks.

The Ecological Club and Solidarity issued a joint report documenting the devastation of the city. While acid rain of an acidity equal to lemon juice has been recorded in the U.S., that falling on Cracow is nearly unimaginable. Lloyd Timberlake reported: "Acid rain dissolved so much of the gold roof of the 16th century Sigismund Chapel of Walwel Cathedral that it recently had to be replaced. The chemical used to dissolve gold in the chemistry lab is aqua regia ('royal water' because it attacks 'noble' metals such as gold and platinum), a mixture of concentrated hydrochloric and nitric acids in a ratio of three or four to one. Something not unlike aqua regia falls daily in the Cracow rains, and converted the chapel's original gold roof into soluble chlorides."[3]

The acid rain is also devastating the unique Gothic architecture. Carved figures are disappearing, stone faces are crumbling, church steeples and building balconies are collapsing, and marble is discoloring. The issue is so serious that it has become part of the public debate, joined by journalists, local public officials and even some courageous senior members of the central government. Professor Wiktor Zinn, the vice-minister and director of historical conservation at the Ministry of Education and Culture, was reported saying, "We can now write and make a few TV programmes, but it was very difficult before August (the 1980 strikes) because of the censor."[4] The Ecological Club and Solidarity cooperated in lobbying the government to close part of the aluminum plant's electrolyte line and were hoping to persuade the government to establish a supreme national environmental council, independent of the government. However, recognizing the near collapse of the Polish economy and the likely priorities of the central government, the Ecological Club recommended that Cracow's

3. *Ibid.*
4. *Ibid.*, p. 250.

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Gothic architecture be stripped from the buildings and stored in museums.

But more than Cracow's architecture suffered. Industrial dust nine times the national limits rained down, depositing cadmium, lead, zinc, and iron. Huge trucks daily traverse the town spraying water to reduce the dust. The farms near the Lenin steelworks were poisoned with heavy metals. The traditional farming of sugar beets and green vegetables had to be abandoned. The beet leaves, which were used as cattle fodder, poisoned the livestock, and salad greens contained 42 ppm of lead, exceeding the safe human consumption limit of 2 ppm. Mr. Timberlake reported that in the decade of the 1970s, only 21.4 percent of the workers leaving the Lenin steelworks did so because of normal old-age retirement; while over 69 percent left on disability pensions. There is likely no parallel in the world. Yet conditions became even worse in 1980: "...only 12.5% of those leaving retired normally, while an incredible 80% got disability pensions. (The rest, 7.5%, died while still employed.)"[5]

There is a certain irony in these staggering health problems associated with the Lenin steelworks. Following the withdrawal of Yugoslavia from the Soviet bloc, the 1960s and 1970s saw the rapid development of Poland into a primary producer of capital goods and armaments for the U.S.S.R. This included supplying Russia with the output of the metallurgical industry, with rolled and flat steel, with tanks, and with ship tonnage. All of this required massive coal production. There is little reason to believe that the Russian leaders had much regard for the niceties of protecting the Polish workers' health or the country's environment or that they would have looked favorably upon any sizeable capital expenditures on pollution abatement equipment.

Silence As Solution

The obvious first concerns of the Polish Ecological Club have been health and the human environment. We can only wonder if the human environment has been so poisoned, what is the state of wildlife, of the fishery resources, and the forests. Professor Jarzebski had said that his main work consisted in attempting to find species of trees which would survive on the coal tips. Now that the brief period of Polish freedom has been so brutally repressed and

5. *Ibid.*, p. 249.

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the right to speak out vanishes, and as the Polish people struggle for their very survival, certainly the environmental debate will be forced back underground. We can only wonder, too, at what fate holds for the Polish people, as well as for the environment.

At least the information as to the frightening degree of environmental degradation in Poland is now public in the West, is at least part of the public awareness in Poland, and is known by some journalists in the Eastern European countries. Whether the debate over how to provide environmental protection in a centrally planned economy will proceed in the communist countries is of course doubtful. This type of severe criticism of the state is unlikely to be any more freely admitted, let alone discussed, in other countries than it was in pre-Solidarity Poland. Following the journalistic tour of the Polish environment, Mr. Timberlake reported a Czech journalist as saying, "We cannot afford to believe the information we have been given. We must believe that things are still the way they were reported before Solidarity. In Czechoslovakia we do not even talk about factory closings."[6] And Mr. Timberlake concluded that the Eastern Europeans were "openly wondering how, and whether, to write up the data they had been given."[7] Given the fact that the economies of all the Communist nations have ground to a near halt, it is highly unlikely that there will be any willingness to engage in any public debate of environmental degradation, particularly since so much of the abuse occurred in a period of rapid economic growth. If considerations of rapid economic growth prevailed over environmental considerations then, and scientific data and concern was censored then, we can expect even less concern with the issue now and in the near future. In October of 1981, Jarowlav Vejvoda, a Czech economist, wrote: "It is becoming clear that for a full 30 years we have been unable to solve problems associated with production under socialism, either in theory or in practice."[8]

It should now be obvious that socialism has had even less success in dealing with the problems of pollution and environmental misuse.

Now we can also wonder how and whether the American environmental movement will report, and more importantly, interpret this information. For it is part of the standard conventional

6. *Ibid.*, p. 250.
7. *Ibid.*
8. Quoted in, *The New York Times*, January 10, 1982, p. 4E.

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wisdom that it is the free enterprise system which is characterized by environmental degradation. A people's paradise suffering the worst environmental problems on earth? Is not a centrally planned economy supposed to act in the public interest? Pollution and environmental degradation is a violation of the law in communist countries. In fact, it is a violation of articles 12 and 71 of the Polish Constitution as well as the 1980 Environment Law.

The importance of the Polish story is not to engender a debate over which country is the world's most polluted, or even necessarily over whether socialist countries or free market countries are more characterized by pollution. Instead, the significance lies in its forcing us to reexamine one of the major unchallenged tenets of the conventional wisdom of the environmental movement. That is the belief by many environmentalists and economists that environmental degradation, and especially air and water pollution, are inherent characteristics of a free market economy, because of the existence of externalities,[9] in other words, because individual businessmen seeking their own gain have been consistently able to shift the burden of their pollution costs onto the public by dumping their wastes into the air and water. Free air and water have been viewed as the common heritage of all mankind, and it has been an article of faith that there is a disinclination on the part of individual economic decision-makers, motivated by profit-seeking behavior, to take non-priced economic effects of their economic activities into account.

This idea has arisen for a number of reasons, but primarily because pollution and environmental degradation first became a visible problem in the capitalist countries of the West where the Industrial Revolution had its origins. It was claimed by most critics of the free market, whether Marxists or modern environmentalists, that it was an inherent and inescapable problem of a system of production for profit and of private ownership. This assumption led to the widespread belief that environmental misuse would disappear if the state were to own all the means of production, and if the economic system was driven not by individual profit seekers, but by managers acting in the public interest, pro-

9. A negative externality would be a plant polluting the air of downwind property owners, who must bear the cost of the pollution. There are also positive externalities, such as a nonpolluting plant developing a beautifully landscaped greenbelt or industrial park, which benefits surrounding property owners and wildlife, but for which the plant has no way of collecting.

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ducing for the good of all, and therefore taking all costs into consideration. It was maintained that because a private property, free enterprise system was "unable" to solve pollution problems, public ownership would. If property and industry were state-owned, the state would ensure that the interests of the general public would be protected and that the common good would be advanced.

It is actually somewhat disheartening that news of Poland's devastating environmental problems should come as a surprise to economists, environmentalists, or even the concerned public. It would appear to be more of a reflection of their refusal to abandon their preconceived notions, than of some startling new enigma. The image of an idyllic system under socialism has simply been taken for granted and the general aim of much of the environmental movement in the United States has for the past two decades been toward greater state regulation of industry and state control or ownership of natural resources and land.

Soviet Eco-Catastrophe

Yet there is now a fairly substantial body of knowledge completely undermining this conventional wisdom. Beginning in the early 1970s, a small number of economists, geographers, and environmentalists began to examine the Soviet experience with environmental problems. The picture is a sorry one. Regardless of the alleged advantages of state ownership of the means of production, of land and natural resources, and a vast body of legislation expressly forbidding pollution and ecological disruption, we find in reality that the U.S.S.R. is plagued by pollution and waste of natural resources.

Perhaps that aspect of environmental degradation in the U.S.S.R. which is most widely known in the West, is the pollution and overuse of its lakes and seas. In spite of the outcry from many of the world's scientists and naturalists, one of the world's unique natural wonders, Lake Baikal, in Siberia, is being destroyed. Although there have been recent attempts to control the pollution, the current industrial development proceeding apace with the construction of the northern branch of the Trans-Siberian Railroad near the northern end of Lake Baikal bodes little but ill for the future. Also, the Soviet attempts to rapidly expand the exploitation of the petroleum, natural gas, hard minerals, and timber resources of Siberia offers little to be sanguine about. The major inland seas, the Caspian and the Aral, are not only being polluted by feeder rivers which are little more than open sewers,

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but so much water flow is being diverted for widespread irrigation and hydroelectric projects that their salinity is rising, their water level is dropping, and there is even the possibility that the Aral may dry up altogether. The sturgeon population is so reduced and the caviar production is so low that the Russians are busily inventing artificial caviar, supposedly a conspicuous consumption speciality of decadent capitalists. The situation is so serious that there has been serious discussion of plans for literally reshaping the earth by exploding nuclear devices to reverse the flow of the major rivers flowing north into the Arctic Ocean and sending them south in an attempt to "revitalize" the Caspian and Aral, with unknown and potentially serious impact upon the climate and environment of the Northern Hemisphere. (One need only recall the serious unintended environmental consequences of the Aswan High Dam in Egypt.)

The water pollution problem is astonishingly bad. Industrial effluents and municipal sewage commonly flow untreated into all the major rivers, with resulting fish kills being common and enormous. (Fish catches in the Sea of Azov were reduced as much as ten-fold.) Although Soviet law expressly forbids pollution, the fines are often ridiculously small, and may be used for the construction of social clubs rather than pollution abatement facilities. When sewage plants are constructed they usually take four to six years for construction, and then may be faulty. Typical examples are the plant at Minsk which was under construction for ten years, and, as Craig ZumBrunnen has written, ". . . after five full years of work, the design organization and the agencies of the Ministry of the Communal Economy still had not produced a blueprint for Mogilev's municipal sewage system."[10]

There is relatively less air pollution in some of the Soviet Union's major urban areas, but it is not the result of any major Soviet breakthrough or concern with the environment. Victor Mote has concluded, ". . . [T]he relative lack of air pollution in the Soviet Union is not the result of better management, but of a still-lagging industrial economy and the relative lack of the automobile."[11] He cites M. Seeger in *The Washington Post* as estimating

10. Craig Zumbrunner, "Water Pollution in the Black and Azov Seas," *Environmental Misuse in the Soviet Union*, ed. by Fred Singleton, (New York: Praeger Publishers, 1976), p. 40.

11. Victor L. Mote, "The Geography of Air Pollution in the Soviet Union," *Ibid.*, p. 20.

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that Moscow has perhaps 360,000 cars (private and official), Leningrad 85,000, and Kiev 19,000. Clean air through poverty is hardly a praiseworthy achievement!

The Soviet experience with resource conservation is an equally dismal picture. Marshall I. Goldman[12] points out that the number of Soviet nature preserves has decreased 30 percent from its peak, and their size has been reduced. The U.S.S.R. has the lowest percentage of total land set aside for preserves and parks of any developed country in the world, and from 1950–1966 that figure had decreased by 50 percent. Philip R. Pryde states, "The conservation record of the Soviet Union in the development of its forests and mineral deposits has fallen considerably short of what even Soviet specialists consider desirable."[13] This is also supported by Fred Singleton: "The emphasis upon rapid industrialization throughout the Soviet period has encouraged a prodigal attitude to the destruction of other natural resources that may be affected by the extraction of the mineral ores."[14] And, "The richness of the (forest reserves) has encouraged an attitude of mind in which the pressure to meet immediate production targets has often taken precedence over conservation."[15]

It is important to consider why the Soviet Union has failed so abysmally in preventing environmental degradation, especially as so many environmentalists have a general outlook that views a command economy as being environmentally purer than a market economy. Fred Singleton has written, "The question of why the Soviet Union appears to have no better record than other countries in its treatment of the environment is one to which there is no easy answer."[16] But at least there is a clear agreement that recent studies have proven that environmental disruption is not a unique characteristic of a market economy. Leonore Shever Taga points out that:

> Traditionally, economists have thought of undesirable environmental disruption as a phenomenon specific to a market economy, arising from the existence of "externalities;" that is, from the disinclination of individual economic units to take

12. Marshall I. Goldman, *The Spoils of Progress: Environmental Pollution in the Soviet Union* (Cambridge: M.I.T. Press, 1972).

13. Philip R. Pryde, *Conservation in the Soviet Union* (New York: Cambridge University Press, 1972), p. 92.

14. Fred Singleton, "Introduction," *Environmental Misuse*, *op. cit.*, p. xiii.

15. *Ibid.*

16. *Ibid.*, p. xv.

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> non-priced economic effects of their activities into account. Recently, however, we also have become aware of the presence of the problem in the U.S.S.R. But if the fact of environmental disruption in the Soviet Union—and, for that matter, in other countries with Soviet-type economies—is beyond dispute, its explanation is not necessarily self-evident. Why should the phenomenon exist at all in an economic system where the collectivity supposedly exercises close control over the action of the individual production unit—in a society that has been clearly committed in its own industrialization to avoid the errors and costs of capitalist development.[17]

But if the existence of externalities is the source of environmental problems, then no one should be surprised that a socialist State is characterized by continuous, ubiquitous, and insoluable pollution and environmental disruption. As F. A. Hayek, Ludwig von Mises, and others demonstrated in the argument over economic calculation under socialism, in the complete absence of a price system, there has been no way to rationally allocate the means of production. This applies as well to problems of pollution, conservation, and the environment. There has been no way to deal with the problems of pollution, no way to measure the costs of environmental disruption, and no way to measure the true value of such resources as water, air, wildlife, or the rights of person and property.

Ms. Taga does suggest that a partial possible solution "would be appropriate revision of the price system. . . This might be an incentive structure with profits as the main success indicator and appropriate price revisions."[18] Yet as long as all land and resources would be owned by the state, an artificial system of prices for products would do nothing to allow plant managers to impute the true environmental costs. She concludes that, "[E]nvironmental disruption in the Soviet Union has been due in large part to the relatively low priority of environmental protection in the effective preferences of the system suited to fulfillment of the leadership's major goal."[19] Thus, she has essentially answered her earlier question regarding the action of the collectivity. The collectivity exercises no control; the Soviet rulers exercise all control. At this late date, it is singularly naive to believe that the Soviet state acts to achieve the public interest.

17. Leonore Shever Taga, "Externalities in a Command Economy," *ibid.*, p. 75.
18. *Ibid.*, p. 93.
19. *Ibid.*, p. 94.

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Marshall Goldman has written: "In the Soviet government's drive toward industrialization and economic growth all too often there has been no person or group around with any power to stand up for protection of the environment. Until the point is reached when environmental disruption causes other state interests, especially manufacturing and agriculture, to lose as much as those in favor of greater exploitation of the environment stand to gain, environmental quality in the U.S.S.R. is in a very fragile condition."[20] Yet even here, the Polish experience with massive industrial health problems and worker disability pensions in the Lenin steelworks, seems to have had little effect upon the government's concern. Perhaps the health problems recently documented throughout the Soviet Union may help account for the leaders' continuous call for a rapid increase in the rate of population growth. The population growth rates in the Russian and Baltic republics are now almost zero.

The China Syndrome

There is a contingent of Maoist admirers in China unlikely to be convinced by examples drawn from the Soviet or Comecon experience. But socialism's environmental problems are by no means peculiarities of Russian geography, climate, history, or economic management; they are directly attributable to a social system that puts all power in the hands of the government. The effects of that social system are just as evident in China as in the U.S.S.R. and Poland.

In China, under Mao, water works, pollution, and landfill projects hampered fish migration, and fish-breeding was seriously neglected. As a consequence, fish has largely vanished from the national diet. Depletion of state-owned forests turned them into deserts and devastated the interdependent floodlands, grazing areas, and fertile plains. Orders that herdsmen must grow their own food caused the plowing up of pastures and their transformation into sandy wastelands. Over 8 million acres of land in the great northern Chinese plains were made alkaline and hence unproductive because of unsound irrigation planning during the Great Leap Forward. Even the backbreaking work of the Chinese peasant masses on terracing and other water conservation

20. Goldman, *op. cit.*

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methods had little effect on agricultural output because of the mismanagement inherent in the system of collective and state farms.[21]

There is, in fact, little hope of ever achieving conservationist and environmentalist goals in a socialist state. It is no accident, no enigma, that they are characterized by such serious and wide-reaching environmental degradation and pollution, since all of the resources of the country are at the command of the rulers and will be mobilized in an attempt to meet the goals of each succeeding "five-year plan." This unified drive toward industrialization and economic growth has precluded all other considerations. There have been no individuals or groups with any countervailing power to stand up for environmental preservation. With all the means of production and all the natural resources owned by the state, and the communications systems controlled by the state, even the possibility of an environmental movement is precluded. Printing presses, paper and ink, as well as the freedom to speak out, have been unavailable for environmental organizations. Private nature preserves, parks, refuges, etc., are of course eliminated. As Fred Singleton concluded, "Once the juggernaut has started to roll, it is almost impossible to stop or deflect it from its onward path."[22]

Thus, there is overwhelming evidence that environmental pollution is not a phenomenon specific to a market economy, arising from the existence of externalities. In fact, the externalities approach is seen to be meaningless as a critique of profit-seeking behavior. For if we accept the externalities analysis, then the Soviet economy may be characterized as one gigantic externality problem. There is logically only one firm, the state, which has little, if any, inclination to take any spillover effects into account. The managers of the individual economic units are not profit-seekers, but their single-minded attempts to fulfill their quotas lead to an insoluable environmental degradation.

The only meaningful and fruitful way of dealing with "externalities" is to properly recognize them as property rights problems. As Richard Stroup and John Baden[23] have pointed out, if no one

21. *China News Analysis*, October 6, 1978; December 1, 1978; February 16, 1979; and March, 1979.

22. Singleton, *op. cit.*, p. xvi.

23. Richard Stroup and John Baden, "Property Rights and Natural Resource Management," *Literature of Liberty*, Vol. II, No. 4, October/December, 1979.

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has property rights to the air and water affecting their person or property, there is no way to prevent invasion and pollution. If a decision-maker does not bear the costs of his decisions, but passes them on to others, then it is a failure to have properly defined property rights and a failure of the law regarding liability. It is only by the prohibition of the invasion of property rights that we will protect people from pollution and resources from environmental degradation. It is either the absence of clearly defined property rights, or the lack of enforcement of existing property rights, which prevents people from bringing suit to collect damages or to enjoin the action—not the existence of vague "externalities" which creates the problem.

Thus, the existence of serious air and water pollution problems within a free market, private property economic system, is not an indictment of such a system. Instead it is a result of a failure of the government and the courts to adequately define, develop, and protect rights of person and property from invasion or transgression by others. If the courts fail to protect individual property rights against air or water pollution created by other individuals or groups of individuals, it can scarcely be called a result of a private property rights, free market system. If a mining company physically dumped its mining tailings or slag on someone else's property, it would be recognized as a clear case of aggression, and the plaintiff could recover damages and obtain an injunction to prevent it from reoccurring. But if A dumps wastes into the air or water, which are treated as free goods, common property, or sinks, then B cannot obtain justice in the courts.

Legalizing Pollution

Over the past decade there has been a growing number of historians and legal theorists[24] who have begun to reexamine the historical relationship of changing legal doctrine to economic development. They have discovered a consistent pattern of the courts and legislatures abandoning the protection of property rights to allow businesses to harm down-wind or down-and up-stream individuals and enterprises in the name of the "public interest."

Throughout the Colonial period and most of the eighteenth

24. *See* Harry N. Scheiber, "Public Economic Policy in the American Economic System: Historical Perspectives," in *Wisconsin Law Review* No. 6 (1980), pp. 1159–1189.

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century, the American legal system was based upon the old English common law system of protection of person and property from invasion by others, which, given all its imperfections and ambiguities, offered at least an approach to protection of person and property from pollution. The basic approach to property law was that one must use one's property so as not to harm others. If the legal system in this country had continued to build upon this groundwork, and continued to refine and develop this approach as the first difficult problems of pollution arose, we would likely have developed a legal system consistent with a private property, free market economic system. But instead, as this new body of scholarship has shown, the system was abandoned, the free market was rejected, and a system more fittingly called state capitalism or corporate statism arose, wherein certain businesses were allowed, were permitted, to invade and destroy the property rights of others.

Morton J. Horwitz[25] has carried out pathbreaking research on the transformation of water law in the Northeast as dams and mills were constructed on the rivers and streams in the period from 1780 to 1860. He has shown that the courts and legislatures slowly transformed the law from the protection of downstream and upstream property owners from the effects of the dams, such as flooding upstream property owners or decreasing the flow to downstream property owners or providing them with a deteriorated water quality. While recognizing that the individual property rights of those affected were being destroyed, the courts held that the "common good" rested upon rapid development of the country, and hence it was in the public interest to allow a milldam owner to cause harm to other property owners.

R. Dale Grinder and others[26] have shown that the same pattern occurred with the issue of smoke pollution. As this became an increasing problem, and as downwind property owners went to court to seek damages or injunctions, the courts ruled that indi-

25. *See* Morton J. Horwitz, *The Transformation of American Law: 1780–1860* (Cambridge: Harvard University Press, 1977).

26. *See* R. Dale Grinder, "The Battle for Clean Air: The Smoke Abatement Problem in Post Civil War America," in M. V. Melosi, ed., *Pollution and Reform in American Cities* (Austin, TX: University of Texas Press, 1980), and Paul Kurtz, "Nineteenth Century Anti-Entrepreneurial Nuisance Injunctions: Avoiding the Chancellor," in *William and Mary Law Review* XVII, No. 4 (Summer 1976) pp. 621–70.

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vidual property rights must give way to the need for rapid economic development and progress.

The nineteenth century witnessed a rapid development of courts and legislatures making certain that laws were interpreted so that businesses wouldn't have to use their hard-earned money to pay nuisance and negligence suits. Instructive in this is Lawrence M. Friedman's[27] interpretation of the famous Ryan Case, where sparks from the New York Central Railroad destroyed a number of houses in Syracuse, and the court ruled not to hold the railroad liable because it would cost it too much money.

Harry N. Scheiber[28] has shown in his work a consistent pattern of business attempting to clothe itself in the mantle of "public interest" and to gain thereby the legal right to pollute with near impunity and to gain such usages as the right of eminent domain in their march westward.

The law changed the rules of the game, so that certain participants were allowed to harm, destroy, or take the property of others. Rather than enforce the system of property rights which are the foundation of a free market, private property system, and make people bear the costs of the harm they do to others, the transformation of the law, in essence, created a system of state capitalism. If instead, A's pollution of B's property had been treated as an invasion of B's rights, and the courts had allowed B to collect damages or enjoin A from any further invasions, we would have had the development of a free market, private property economic system, which would have been a system characterized by far less pollution than we now have. Perhaps economic growth would have been slower; perhaps not. Polluting industries might have located in areas where they would have done relatively less harm, or they might have been able to voluntarily buy out the rights of those affected. But at least a polluting industry would not have been allowed to move into an area and harm other people with impunity. Furthermore, if the entrepreneurial and innovative genius that created American business had been applied to the problem of how to control the pollution it was creating, before it became a built-in part of the system, and if businesses had

27. *See* Lawrence M. Friedman, *A History of American Law* (New York: Simon and Schuster, 1973).

28. *See* Harry N. Scheiber, "The Road to Munn: Eminent Domain and the Concept of Public Purpose in the State Courts," in *Perspectives in American History* p. 329, (1971).

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to bear the costs of their operations, we might have seen the development of a remarkably less polluting society. A system characterized by well defined and legally protected property rights, is a system where externalities are internalized. The existence of pollution in a "free enterprise system," is not proof that the market system is characterized by externalities and a condemnation of the system; instead, it is proof that the system is not a private property, free market system. Rather than being an example of market failure, it is an example of governmental failure. It is the failure of the government and the courts to protect the system of private property rights upon which a private enterprise economy is founded.

Richard Stroup and John Baden have pointed out that market failures have their origins in imperfectly defined property rights and that they occur when property rights are inadequately specified or not protected. They wrote:

> When the copper producer chooses to send sulfur dioxide into the air, instead of bearing the costs of filtration, he saves money and thus benefits; yet the farmer downwind, whose alfalfa turns brown, pays the penalty and bears the cost. . . .
>
> Farmers actually own the air in the sense that, if they are damaged by pollution, they can sue to recover damages. This right to clear (non-damaging) air is imperfect, however, since the farmer here would have to prove in court: (a) the total value of damages, (b) the fact that pollution caused the damages, and (c) that the smelter was indeed responsible for the foul air when damages occurred. This burden of proof is difficult (expensive), and so the property right seldom forces the air user to compensate the owner. Air pollution is similar to a hypothetical case where a copper producer could take labor or capital or copper ore for its own use without paying for it. Any such free resource is likely to be overused.[29]

As we have seen, studies of the impact of law as it affected economics show that the courts and legislatures have all too seldom protected property rights, either through design, or through failure to recognize the consequences, or because of the difficulties and the costs involved.

Tragedy of the Commons

To fruitfully and properly understand the issues of environmental degradation and overexploitation of resources, we must

29. Stroup and Baden, *op. cit.*, pp. 10–11.

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look at the question of property rights and the alternative systems of property ownership or management. There are two fundamentally different systems, common or public property which is treated as a free resource, is the common heritage of mankind, and can generally be used by everyone, and private property, which is characterized by exclusivity. The two systems produce strikingly different results in the way in which the resources are used and managed, and which result from the incentives which are inherent in each system.

Perhaps the single most important treatment of the common property syndrome was made by the noted biologist and environmentalist, Garrett Hardin, in his now classic paper, "The Tragedy of the Commons." Dr. Hardin wrote:

> The tragedy of the commons develops in this way. Picture a pasture open to all. It is to be expected that each herdsman will try to keep as many cattle as possible on the commons. Such an arrangement may work reasonably satisfactorily for centuries because tribal wars, poaching, and disease keep the numbers of both man and beast well below the carrying capacity of the land. Finally, however, comes the day of reckoning, that is, the day when the long-desired goal of social stability becomes a reality. At this point, the inherent logic of the commons remorselessly generates tragedy.
>
> As a rational being, each herdsman seeks to maximize his gain. Explicitly or implicitly, more or less consciously, he asks, "What is the utility *to me* of adding one more animal to my herd?" The utility has one negative and one positive component.
>
> 1. The positive component is a function of the increment of one animal. Since the herdsman receives all the proceeds from the sale of the additional animal, the positive utility is nearly + 1.
>
> 2. The negative component is a function of the additional overgrazing created by one more animal. Since, however, the effects of overgrazing are shared by all the herdsmen, the negative utility for any particular decision-making herdsman is only a fraction of − 1.
>
> Adding together the component partial utilities, the rational herdsman concludes that the only sensible course for him to pursue is to add another animal to his herd. And another. . . . But this is the conclusion reached by each and every rational herdsman sharing a commons. Therein is the

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tragedy. Each man is locked into a system that compels him to increase his herd without limit—in a world that is limited. Ruin is the destination toward which all men rush, each pursuing his own best interest in a society that believes in the freedom of the commons. Freedom in a commons brings ruin to all. . . .

In an approximate way, the logic of the commons has been understood for a long time, perhaps since the discovery of agriculture or the invention of private property in real estate. But it is understood mostly only in special cases which are not sufficiently generalized. Even at this late date, cattlemen leasing national land on the Western ranges demonstrate no more than an ambivalent understanding, in constantly pressuring federal authorities to increase the head count to the point where overgrazing produces erosion and weed-dominance. Likewise, the oceans of the world continue to suffer from the survival of the philosophy of the commons. Maritime nations still respond automatically to the shibboleth of the "freedom of the seas." Professing to believe in the "inexhaustible resources of the oceans," they bring species after species of fish and whales closer to extinction.

The National Parks present another instance of the working out of the tragedy of the commons. At present, they are open to all, without limit. The parks themselves are limited in extent—there is only one Yosemite Valley—whereas population seems to grow without limit. The values that visitors seek in the parks are steadily eroded. Plainly, we must soon cease to treat the parks as a commons or they will be of no value to anyone.[30]

We have already seen that the currently fashionable market failure account of environmental degradation breaks down when we examine the experience of socialist economic systems with uncontrollable environmental pollution and overexploitation of resources. In fact, the conventional unwisdom fails to explain or offer any solutions for the severe environmental problems which beset earth's resources. One can only surmise that the continuing existence of the market failure paradigm is due largely, if not solely, to the fact that while it might not fit the facts, it does fit the philosophical and emotional objections that environmentalists have to

30. Garrett Hardin, "The Tragedy of the Commons," *Science* 162 (December 13, 1968): pp. 1244–45.

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a free market, private property system. If, as so many of them appear to believe, production for profit is immoral and it is equally immoral for the resources and wildlife of the earth to be owned privately, when they believe resources should be treated as the common heritage of all mankind, then we can perhaps understand the persistence of an environmental argument which has been shown to be false.

We should make no mistake about the ultimate aims of much of the environmental movement, and particularly of its more important intellectual leaders. In much of their more detailed discussion of environmental issues, we can find a clear and open hostility to our American system of private ownership, and we find the free market economic system put forward as the source of our environmental problems.

Two perfectly typical examples of this hostility to private ownership and private enterprise can be found in Norman Myers' *The Sinking Ark* and David Ehrenfeld's *Conserving Life on Earth*. Mr. Myers writes:

> But within the American system, with its emphasis on private profit to be derived from private property, common property of society's heritage gets short shrift: farmer's interests are allowed precedence over the nation's needs. Millions of American citizens may be willing to pay an additional one-hundredth part of a cent for their beef or bread in order to offset agricultural losses arising from protection for the [black footed] ferret—just as a nation of 225 million persons may be willing to pay out more than one-hundredth part of a cent per head in annual compensation to save one of the most imperilled creatures on earth. But the private-enterprise system gives them scant opportunity to express their preference on a scale to withstand market forces, since they lack collective mechanisms through which to safeguard collective goods. . . .[31]

David Ehrenfeld argues a nearly identical position:

> The greatest barrier to the implementation of a strong and unified conservation policy is the difficulty of protecting those parts of the public domain that have traditionally been exploited by private interests. Both Keynes and later Hardin have explained that there is no logically consistent reason

31. Norman Myers, *The Sinking Ark* (Oxford: Pergamon Press, 1979), pp. 88–89.

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why an individual, corporation, or nation acting in self-interest should voluntarily abstain from exploiting the public domain even when the result will be certain destruction of the valuable features of that domain. Hardin, in fact, goes somewhat farther in "The Tragedy of the Commons" by asserting that it is usually damaging to private interests (at least in the short run) to act for the collective good as far as the commons are concerned. Of the many examples of this paradox already given, the commercial extermination of the blue whale and self-extermination of the whaling industry is the most striking.

If private interests cannot be expected to protect the public domain, then external regulation by public agencies, governments, or international authorities is needed. If that regulation is effective, the commons will be managed to provide the maximum *sustained* yield of natural products, which in turn will ultimately maximize the sum total of the profits for the various interests that rely on the commons. This concept, simple in theory, is difficult to put into practice.[32]

Furthermore, this critique by the more scholarly environmentalists is not only echoed in the pages of nearly every nature magazine, but also in a seemingly endless number of TV programs and in the popular newsmedia. There is a standard litany which is repeated tirelessly: environmental problems, we are told, derive from man's greed, self-interest, piggishness, our desire to be consumers and fat cats, our love of inexpensive foreign beef, economic success, the profit system, the market economy, and Western political, legal, economic, religious and property institutions and beliefs.

If these environmentalists were genuinely searching for the causes of environmental problems, and truly interested in resolving environmental issues, then we could expect at least some recognition of the fact that these problems exist in all countries and that they arise from the *absence* of private property rights. Yet we do not, and the fashionable market failure argument is repeatedly reiterated.

As we have seen in the discussion of environmental pollution, the solution to the seemingly intractable problems of environmental degradation lies in treating them as property rights problems. The economic analysis of common property resources and the model of the tragedy of the commons provide the basis for creat-

32. *Ibid.*, pp. 235-236.

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ing a new environmental paradigm, based on property rights, which not only meaningfully and fully explains the existence of environmental degradation and overexploitation of resources under any form of economic system, but also points us in the direction of a successful resolution of environmental problems. It is a solution which preserves both the environment and individual freedom.

Private Use, Public Abuse

Starting with the property rights argument we can ask a number of seemingly simplistic questions, but the answers to which are profoundly illustrative for understanding the true nature of environmental problems.

Why do people litter public parks and streets, but not their own yards? Why do people dump old refrigerators and rubber tires in the public or common streams, rivers, and swamps, but not in their farm ponds or their swimming pools? Who is most likely to carefully clean the leaves out of a gutter, a homeowner or someone who is renting the house? Is private housing or public housing better maintained? Why do cattle and sheep ranchers overgraze the public grazing lands, but maintain lush pastures on their own property? Why are the national forests so carelessly logged and overharvested, while private forests are carefully managed, cut on a sustained-yield basis, and reforested with "super trees" grown on costly nursery tree farms? Why are many of the most beautiful national parks suffering severe overuse to the point of the near destruction of their recreational values, but many private parks are maintained in far better condition? Why was the American buffalo nearly exterminated, but not the Hereford or the Angus or the Jersey cow? Why are salmon and trout habitually overfished in the nation's lakes, rivers, and streams—often to the point of endangering the species, while the same species thrive in fish farms and privately owned lakes and ponds, and in the privately owned streams of Iceland and Europe, where they are harvested on a sustained-yield basis which leaves sufficient breeding stock to maintain the population? Why are rare birds, mammals, reptiles, and plants taken from the wild in a manner which often harms them and usually depletes the population, but are carefully raised and nurtured in private aviaries, game ranches, farms, and nurseries?

In all of these cases, and in the many other examples we could consider, it is clear that the problem of overexploitation, overhar-

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vesting, misuse, or destruction of the resources, results from their existing under public or common ownership rather than in some form of private ownership. Any resource held in common—whether land, air, the oceans, large bodies of water such as lakes, flowing streams, outdoor recreational resources, grazing lands, the fisheries, wildlife and game—can be used simultaneously by more than one individual or group, and also for more than one purpose—with many of the multiple uses being mutually contradictory. No individual has exclusive rights to the resource, nor can he prevent others from using the resource, for either the same use or for any other noncompatible use. Thus, by its very nature, a common property resource is "owned" by everyone, and at the same time owned by no one. Since it is used by everyone, it is, therefore, rapidly and thoroughly depleted. No one has any incentive to maintain or preserve it. The only way in which any of the users can capture any value, economic or otherwise, is to use or exploit the resource as rapidly as possible before someone else does.

But private ownership, as opposed to common or public ownership, allows the owner to capture the full capital value of the resource, and thus self-interest and economic incentive drive the owner to maintain its long-term capital value. The owner of the resource, be it a salmon fishery, a herd of game animals, a forest, or whatever, wants to enjoy the benefits of the resource today, tomorrow, and ten years from now. Thus with a renewable resource he will attempt to manage it on a sustained-yield basis.

Therefore, given the nature of man and the motivating force of self-interest and economic incentive we can see why the buffalo nearly vanished, but not the Hereford; why the greater prairie chicken is endangered, but not the red grouse of Great Britain; why the common salmon fisheries of the United States are overfished, but not the private salmon streams of Europe or the private trout farms in many American states.

By now it should be rather clear that most if not all of our environmental problems have occurred with those resources which have been treated as common property resources. This being the case, it raises fundamental questions about the management and ownership of the public domain, because the public domain is essentially one gigantic commons.

The total U.S. land area is 2,271,343,000 acres. The federal government owns, manages, or controls slightly over one third of the American land, approximately 768,532,000 acres. Most of the public domain is located in the West, with about 63 percent of all

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the land in the thirteen western states owned by the federal government. Additional land holdings by state and local governments bring the total government land ownership of the U.S. to about 40 percent. This is a staggeringly high percentage of government ownership of land and resources in a free society, supposedly based upon the belief of the Founding Fathers that the cornerstone of all our freedom depends upon the widest possible distribution of property, securely protected under a system of private ownership of property. In a most interesting observation, John Kenneth Galbraith wrote: "The public lands of the United States exceed the combined areas of Germany, France, Italy, Belgium, Holland, Switzerland, Denmark, Hungary *and* Albania. Where socialized ownership of land is concerned, only the U.S.S.R. and China can claim company with the United States."[33]

Explaining the Dust Bowl

One would be extremely hard-pressed if asked to single out one especially classic example of the tragedy of the commons. There are hundreds, literally thousands, of depressingly similar disasters. But perhaps for Americans, deeply immersed in the romance of the West through movies and novels, the familiar range wars and the dust bowl are illustrative enough. With the exception of huge land grants to the states and the railroads, most of the public domain was disposed of to private homesteaders in the form of 160-acre plots. This produced rich and productive farms in the fertile and rain-rich lands from the Appalachians to the Mississippi, and even into the lush tallgrass prairies of the eastern plains. But, further west, as the land became more rugged, less fertile, and more arid, the 160-acre homesteads became increasingly less viable. What, afterall, could be done with 160 acres of alkali flats?

Unfortunately, even some resources experts, otherwise sympathetic to the free market and private property have called the problems which developed in the western plains a failure of the market system because nobody wanted the land and, therefore, it had to remain in federal ownership. But the tragedy was that no one could live on a mere 160 acres: it wouldn't support crops, it certainly couldn't support sheep or cattle, and it might barely support a few jackrabbits.

33. "Enter Stage Left: John Kenneth Galbraith," *Parade Magazine*, April, 1981.

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Yet as the country moved west, vast stretches of land were needed. And in the failure or refusal of the federal government to make the necessary changes in the legal size of homesteads, the ranchers, cattlemen, and sheepmen, not being able to claim valid title to private property, were forced to treat the land as a commons.

Professor Samuel P. Hayes writes of this problem:

> Much of the Western livestock industry depended for its forage upon the "open" range, owned by the federal government, but free for anyone to use. . . . Chaos . . . predominated on the open range. Congress had never provided legislation regulating grazing or permitting stockmen to acquire range lands. Cattle and sheepmen roamed the public domain . . . Cattlemen fenced ranges for their exclusive use, but competitors cut the wire. Resorting to force and violence, sheepherders and cowboys "solved" their disputes over grazing lands by slaughtering rival livestock and murdering rival stockmen. . . . Absence of the most elementary institutions of property law created confusion, bitterness, and destruction. . . .
>
> Amid this turmoil the public range rapidly deteriorated. Originally plentiful and lush, the forage supply was subjected to intense pressure by increasing use . . . The public domain became stocked with more animals than the range could support. Since each stockman feared that others would beat him to the available forage, he grazed early in the year and did not permit young grass to mature and reseed. Under such conditions, the quality and quantity of available forage rapidly decreased; vigorous perennials gave way to annuals and annuals to weeds. . . .
>
> In response, cattlemen proposed that Congress permit homestead entries with sufficient land to support stock herds. . . . These pleas fell on deaf ears.[34]

Professor Hayes pointed out that laws restricting homesteading to 160 or 320 acres hardly sufficed for successful grazing on land which required as much for each head of cattle. Although Congress passed the Kincaid Act of 1904 permitting 640 acre homesteads in western Nebraska, this was too little, too late to prevent

34. Samuel P. Hayes, *Conservation and the Gospel of Efficiency: The Progressive Conservation Movement 1890–1920*. (Cambridge: The Harvard University Press, 1959), pp. 49–52.

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destruction of the western grasslands, setting the stage instead for the dust bowl.

Terry L. Anderson and Peter J. Hill have pointed out that the Homestead Act caused resource waste in two other major ways:

> Since the law usually restricted holdings to a size below that which was economically efficient, too many people lived on the land. Second, other unnecessary resources were required to be invested. Trees were planted where they otherwise wouldn't have been, irrigation systems were set up that were not economically viable, and, in much of the west, land was plowed that was better suited to grazing.[35]

To this day we still bear the burden of the failure to develop an adequate system of private property rights in the American west. Most of this land is now managed by various agencies in the U.S. government. Approximately 63 percent of the land in the thirteen western states is owned, controlled, or regulated by the federal government. The largest landowner is the Bureau of Land Management (BLM) of the Department of Interior which has control of some 343,000,000 acres. The second largest land owner is the U.S. Forest Service (USFS) of the Department of Agriculture which has control of some 188,000,000 acres.

Historically these vast public lands have suffered problems of overexploitation of their resources, and increasingly we are experiencing growing problems of overuse, overexploitation, and mismanagement of these lands—all of which derive from their essentially being a commons. While it is true that they are not pure Hardenian commons open to all to use freely as they wish for any purpose, because they are managed and regulated by the federal government, they are still at best "managed commons" and suffer most of the consequences of the tragedy of the commons.

Furthermore, the public domain, the public lands, are part of the "common heritage of the American people," they "belong to all the people," and are maintained by taxing everyone—and thus in theory we all have an equal right to use them. In fact their governing mandates require they are to be managed for multiple use. But if the land belongs to "all of the people," how are "we" going to decide how to use it? Multiple use in the public domain is a continuous source of conflict. How will "we" use a vast expanse of

35. Terry L. Anderson and Peter J. Hill, "Establishing Property Rights in Energy: Efficient vs. Inefficient Processes," *Cato Journal*, Vol. 1, No. 1, (Spring, 1981), p. 93.

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BLM lands in western Montana? For strip-mining; clear-cutting of timber; preservation as a pristine wilderness for backpackers; exclusion of all visitors for the protection of nesting areas for the endangered peregrine falcon; intensive use for hunting, fishing, camping, and off-road-vehicle use; grazing of cattle and sheep; or for preservation of watersheds? Obviously many of these competing multiple uses are mutually contradictory. Who will weigh these conflicting uses; what criteria will be used in judging their relative merits; how will the decision be made; and what certainty is there that any decision will be long continued? Clearly the only present solution lies in the struggle of the political process, which is clearly no guarantee of optimal use of the resources.

Multiple use works in a commons, only so long as very few people are using the commons, and long before the use of the resource begins to reach its carrying capacity. Thus the public domain is trapped within the "inexorable logic of the tragedy of the commons."

Once too many users of the same resource, cattle grazers on the public grazing lands or fishermen on the common salmon fisheries, begin to overexploit the resource, or too many users of conflicting multiple uses begin to destroy each other's use or enjoyment of the different resources, then we are back to the tragedy of the commons. At this point the bureaucratic managers must decide how to resolve the conflict of multiple use.

Bureaucratic Pastures

It is necessary to recognize a significant difference between the owner or owners of private property and the bureaucratic managers of a governmental agency. Private owners have a direct and immediate incentive for wise and careful management of their resources. They receive the benefits of wise management and bear the costs of poor management. A cattle rancher who overgrazes his own land quickly bears the costs of doing so and is soon out of the ranching business. That is why private fish farmers do not overharvest their stock and leave sufficient breeding stock to maintain the population. That is why farmers do not eat their seed corn.

But utility-maximizing bureaucrats are prevented from profiting or losing from the consequences of their decisions. There are no incentives for wise management within bureaucracies. Bureaucrats do not profit from making good decisions, or lose from making poor decisions. Income which would be generated from their

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activities does not go to their agencies or to them, but instead into the federal treasury, which itself is a common pool.[36]

Bureaucratic managers gain by having their agencies grow and expand and by obtaining larger budgets and larger staffs. Thus it is in their best interests to pay most attention to the most powerful, well-organized, and vociferous of their constituents, which have historically been cattle and sheep ranchers, timber companies, and mining companies. However, over the past environmental decade, environmental organizations have been successful in banding together to bring sufficient pressure upon Congress to get some of their interests attended to. Still, as a general rule it has been the more consumptive resource users who have managed to gain control and influence over the managing agencies of the public domain.

Therefore, it should be of little surprise that much of the western lands have been overgrazed or that non-cost-effective timber practices have been followed. Cattle and sheep ranchers have been able to obtain grazing rights or permits on the public grazing lands. The public grazing rights are measured in animal unit months (AUMs). An AUM is the amount of pasturage for one cow or a horse for one month, or five sheep or goats for one month. Government AUMs sell for less than private AUMs, by anywhere from 10 percent less to as much as 600 or 700 percent less. Public forage, as with almost all other government goods and services, is subsidized and is cheaper than private forage. David Sheridan pointed out: "In New Mexico in 1978, for example, the BLM grazing fee was $1.51 per AUM, or $18.12 to graze one cow each year. But private land grazing leases ran $5.20 per AUM, or $62.40 for one cow per year."[37]

Although there is an administrative tradition of continuing to renew leases, the holder of a grazing lease still has an essentially arbitrary, uncertain and indeterminant "right." Because the rights are temporary and can be taken away, the holder of government AUMs has no incentive to treat the grazing land as he would treat

36. For a more detailed development of this analysis *see* John Baden, ed., *Earth Day Reconsidered* (Washington, D.C.: The Heritage Foundation, 1980) and John Baden, "A Primer for the Management of Common Pool Resources," in Garrett Hardin and John Baden, eds., *Managing the Commons* (San Francisco: W. H. Freeman and Company, 1977), pp. 137-146.

37. David Sheridan, Council on Environmental Quality, *Desertification of the United States* (Washington D.C.: U.S. Government Printing Office, 1981), p. 23.

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his own private property. He treats it instead as a "modified" common property resource. He has no incentives to make any improvements on the land, especially long-term improvements, and he has relatively little incentive not to overgraze the land or add additional cattle or sheep to the land, just as in the tragedy of the commons. Furthermore the incentives to overexploit the resource vary inversely with the length of the lease. In recent years environmentalists have pushed for shorter leases on the public grazing lands, on the belief that the lands belong to all of the people and should not be the "property," no matter how imperfect, of ranchers. This concern, as well as their concern for overgrazing, has led to a still greater tragedy of the commons. As the lengths of grazing leases become shorter, and as their continuation becomes more uncertain, the grazers have even less incentive to exercise wise stewardship over the grazing land, and even more incentive to capture what economic value they can before they lose the grazing rights altogether.

While the BLM and the USFS regulate and attempt to police the number of animals permitted on the land, policing is difficult and costly on so vast an area, and it is clearly unpopular with the stockmen, who have incentives to add additional head to the public range, just as did the sheepmen in the medieval commons. Thus the costs are passed on to society, to all the other users or potential users of the public lands, as overgrazing produces erosion, decreased productivity of the land, loss of wildlife habitat, and destruction of scenic values. But it is mistaken to rail at the profit system or entrepreneurial greed as so many environmentalists do. The same tragedy is generated on the commons of Africa and India as well. It is the property system which causes the destruction of the resource. Common property everywhere drives resource users to destroy the resource.

Overuse and overgrazing of the commons is increasingly becoming an issue of world-wide concern. One of the major concerns of the environmental movement, the United Nations, and more recently the President's Council on Environmental Quality,[38] has been desertification. Desertification consists of the deteriora-

38. *See* David Sheridan, *Desertification*, and Council on Environmental Quality and the Department of State, *The Global 2000 Report to the President: Entering the Twenty-First Century* (Washington D.C.: U. S. Government Printing Office, 1980). It is noteworthy that nowhere in the *Global 2000 Report* is the tragedy of the commons mentioned as one possible explanation of the advancing desert.

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tion of dry or arid lands into a progressively more desertic condition, involving first the loss of the native vegetative cover, and then subsequent loss of the fragile soils through erosion from wind, water, and gulleying. It ends in a severely impoverished ecosystem with the land rendered useless for grazing or agriculture. The primary sources of desertification are overgrazing and overharvesting of wood for use as cooking and heating fuel. If the figures in the government reports are correct, the process is occurring at an alarming rate. It has been estimated that almost 15 million acres of land throughout the world are undergoing desertification each year.[39] This has been especially prevalent in India and in Africa, with the movement of the Sahara desert northward into Algeria and Tunisia and southward into the Sahel region, encompassing six countries of West Africa, which suffered a severe drought during 1968–1973, resulting in famine.

Everywhere the process of desertification has primarily been caused by man. The major cause has been overgrazing, and the second major cause has been overcutting and overharvesting of trees and brush for firewood. It is estimated that 90 percent of the wood consumption in the LDCs is for firewood.[40] It is a condition paralleling the development of the U.S. Dust Bowl. Most of these lands have historically been treated as commons, with villagers grazing the lands and gathering firewood in common. Over historical times much of the Mediterranean basin area has been turned into a relatively barren and arid landscape through the working out of the tragedy of the commons. Individuals going out to gather firewood had no incentive to merely collect deadwood or break a sufficient number of branches from a tree to meet their immediate needs. Leaving the tree there would only mean that someone else would take it and it would be gone when they next returned for additional firewood. Thus the logic of the commons forced people in their own self-interest to uproot the trees and take all of it. Slowly over the years expanding circles of barren ground reached out from the villages, until the distance travelled to gather additional firewood would become so great that the village would have to move. Obviously there was no incentive for anyone to plant trees or water and nurture existing trees, for their investment in time and capital would simply be making available a resource which other users of the commons could, and would, capture.

39. *The Global 2000 Report*, *Ibid.*, p. 32.
40. *Ibid.*, p. 26.

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An especially illustrative example of the superiority of private property ownership over common property management was discovered quite by accident when a photograph of the Sahel during the great drought was discovered which portrayed a large, green area in the midst of the barren, brown desert. Nicholas Wade wrote in *Science* in 1974:

> Perhaps the most graphic proof of man's part in the desertification of the Sahel has come from a curiously shaped green pentagon discovered in a NASA satellite photograph by Norman H. MacLeod, an agronomist in American University, Washington, D.C. MacLeod found on a visit to the site of the pentagon that the difference between it and the surrounding desert was nothing more than a barbed wire fence. Within was a 250,000-acre ranch, divided into five sectors with the cattle allowed to graze one sector a year. Although the ranch was started only 5 years ago, at the same time as the drought began, the simple protection afforded the land was enough to make the difference between pasture and desert.[41]

More Dust Bowls?

The CEO study, *Desertification of the United States*, reported that desertification is becoming an increasing problem in the arid lands of North America, and especially in the western United States. 1.1 million square miles of North America have suffered "severe" desertification (36.8 percent of the continent's arid lands) and 10,500 square miles have suffered "very severe" desertification. By comparison, Africa has 4 million square miles of "severe" desertification, but only 5,500 square miles of "very severe" desertification. It is currently estimated that 225 million acres of the U.S. are suffering "severe" and "very severe" desertification, approximately 10 percent of the U.S. land area.[42] It is instructive that the three areas of very severe desertification in the U.S. have occurred on the Navajo Indian reservation in northeastern Arizona, and in two large areas east and west of El Paso, Texas. These three areas have undergone severe overgrazing. The Navajo reservation is essentially a commons, where the land and its resources are treated

41. Nicholas Wade, "Sahelian drought: no victory for Western aid," *Science*, 185: 234-237. Quoted in Garrett Hardin, "Ethical Implications of Carrying Capacity," in *Managing the Commons*, eds. Garrett Hardin and John Baden, (San Francisco: W. H. Freeman and Company, 1977), p. 118.

42. *Desertification*, *op. cit.*, pp. 3-4.

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as common property as a result of Navajo custom and the Bureau of Indian Affairs' common trusteeship of the reservation. This unsettled tenure has been further complicated by the long-standing unresolved issue of the Hopi-Navajo land dispute. The number of sheep grazing the reservation has increased from 1.3 million in 1937 to nearly 2.2 million today, and is rapidly accelerating the destruction of the grazing lands. Additionally the reservation has been largely denuded of firewood and brush. Furthermore, the BLM manages a "good portion" of the land in the two areas adjacent to El Paso.[43]

Garrett Hardin, almost alone among environmentalists, has pointed out over and over the fallacy of keeping earth's resources within the commons:

> The fundamental error of the sharing ethics is that it leads to the tragedy of the commons. Under a system of private property the man (or group of men) who own property recognize their responsibility to care for it, for if they don't they will eventually suffer. A farmer, for instance, if he is intelligent, will allow no more cattle in a pasture than the carrying capacity justifies. If he overloads the pasture, weeds take over, erosion sets in, and the owner loses in the long run.
>
> But if a pasture is run as a commons open to all, the right of each to use it is not matched by an operational responsibility to take care of it. It is no use asking independent herdsmen in a commons to act responsibly, for they dare not. The considerate herdsman who refrains from overloading the commons suffers more than a selfish one who says his needs are greater. . . .
>
> The management of the western range lands, though nominally rational, is in fact (under the steady pressure of cattle ranchers) often merely a government-sanctioned system of the commons, drifting towards ultimate ruin for both the rangelands and the residual enterprisers.[44]

We can apply this analysis to the entire range of problems with the overexploitation of resources. It applies to the growing problems of overexploitation of water resources in the arid west, and especially to the problem of the exhaustion of ground water resources, which are everywhere in the West being depleted to the

43. *Ibid.*, pp. 9–11.

44. Garrett Hardin, "Living on a Lifeboat," in Garrett Hardin and John Baden, eds. *Managing the Commons*, *op. cit.*, pp. 264–265.

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point where increasingly it costs more to pump water up from the ever-deeper wells necessary to reach the remaining aquafer, than can be realized from the sale of the irrigated crops. More and more farmland in the West, especially in the areas of especially scant rainfall, is being abandoned to weeds and dust. And as we continue to believe in the concept of the commons, where resources belong to everyone and should be used by everyone, we are forced to consider ever more exotic and costly short-term remedies, such as desalinizaiton plants on the Colorado River, gigantic canals to pump water up hill from the Missouri or Mississippi Rivers to the parched lands of the Texas panhandle, or even dumping waste waters onto the lands rather than running it through municipal treatment plants, in order to attempt to recharge the aquafers. It applies equally to the mismanagement and overuse of the public forest lands, as compared to the cost-effective and careful sustained-yield management of private forest lands.[45] It applies to the ocean commons, with the resulting overharvesting of the ocean fisheries. It applies to the overharvesting of commonly owned wildlife populations.[46]

As long as we continue to treat our resources as common property, we will continue to watch them disappear, especially with the evergrowing and increasing human populations pushing against the carrying capacity of the earth and its resources. A common pool resource is basically a very simple concept to grasp. Richard Stroup and John Baden have succinctly described it thusly: "A common pool resembles one soda being consumed by several small boys, each with a straw. The rule of capture is in effect: ownership of the liquid is not established until it is in one's possession."[47]

Marketing the Environment

Thus, as we have seen, the problems of environmental degradation, pollution, overexploitation of natural resources, and depletion of wildlife all derive from their being treated as common

45. *See* John Baden and Richard Stroup, "Property Rights, Environmental Quality, and the Management of National Forests," in *Ibid.*, pp. 229-240, and Charles R. Batten "Toward a Free Market in Forest Resources," *Cato Journal*, Vol. 1, No. 2, (Fall 1981), pp. 501-517.

46. *See* Robert J. Smith, "Resolving the Tragedy of the Commons by Creating Private Property Rights in Wildlife," *Cato Journal*, *Ibid.*, pp. 439-468.

47. Stroup and Baden, "Property Rights and Natural Resource Management," *op. cit.*, p. 12.

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property resources. Wherever we find an approach to the extension of private property rights in these areas, we find superior results. Wherever we have exclusive private ownership, whether it is organized around a profit-seeking or nonprofit undertaking, there are incentives for the private property owners to preserve the resource. Self-interest drives the private property owners to careful management and protection of their resource.

It is important not to fall into the trap of believing that the different results arising from these two forms of resource management can be changed through education or persuasion. The methods of using or exploiting the resources are inherent in the incentives that are necessarily a part of each system. The overuse of common property resources and the preservation of private property resources are both examples of rational behavior by resource users. It is not a case of irrational vs. rational behavior. In both cases we are witnessing rational behavior, for resource users are acting in the only manner available to them to obtain or capture any economic or psychological value from the resource. By now it should be abundantly clear that the overexploitation of common property resources is not, as most environmentalists continue to charge, the result of entrepreneurial greed and the failure of the market to be concerned with the common heritage. In the U.S.S.R., Japan, Sweden, Kenya, or America, resource users necessarily overexploit common property resources, yet carefully manage and preserve private property resources.

It also has nothing to do with the need for a new environmental ethic. Asking people to revere resources and wildlife won't bring about the peaceable kingdom when the only way a person can survive is to use up the resource before someone else does. But adopting a property system that directs and channels man's innate self-interest into behavior that preserves the environment, natural resources, and wildlife will cause people to act *as if* they were motivated by a new conservationist ethic.

Now that a conservative administration is in office perhaps we can explore alternatives that take the incentives of private property management into consideration. One would hope that recent experience with the mismanagement of resources would make both sides in the preservation vs. growth debate seriously doubtful about continuing the policy of public management of America's resources. Leaving resources in the political arena offers little hope of ever developing any long-run rational decisions on the optimal uses of any of our resources. As an ever-growing population,

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with more leisure time and more discretionary income, increasingly pushes against the carrying capacity of the public domain, the political debate will grow ever more acerbic, and competing client groups will lobby ever more intensively to see that their wishes and desires are adopted by the public agencies and bureaus managing those resources. There are already some environmental and conservation organizations which have begun to take steps to privately preserve areas of unique natural diversity and of wildlife habitat, and increasingly they appear to be doing so because they have come to recognize the superiority of private ownership and management of the resources. The Nature Conservancy, operating under the motto "Land Conservation through Private Action," has been in the forefront of these efforts to privately preserve the land and its resources. Through a combination of purchase, lease, gift, and by obtaining conservation easements, the Conservancy has built up a private refuge system encompassing some 405,000 acres,[48] including Santa Cruz Island off the Southern California coast, virgin prairies throughout the Midwest, refuges representing every area of unique natural diversity in the state of Califor-

48. While this is a small figure compared to the size of most public refuges or preserves, in recent years there has been a fast-growing trend of private preservation efforts carried on by individuals, organizations, and businesses. During the 1970s over 1,600,000 acres were acquired by the private sector for preservation. See William L. MacDougall, "Private Money Pours In to Save Green Space," *U.S. News & World Report*, October 26, 1981, p. 64. This will likely become an ever-increasing trend given the fiscal conservatism and budget-cutting of the Reagan administration; however, given the superiority of private management of resources, environmentalists concerned with results rather than rhetoric may ultimately welcome Reagan's policies. Furthermore, size alone is not necessarily important, and against this must be weighed the quality and importance of these private preserves, as well as the equity and morality of a system where those who want the preserve and will benefit from it, voluntarily purchase it. Under liberal environmentalist "leadership" there has been a recent trend in the U.S. Congress to "park-barrel," i.e., to create parks and preserves in every Congressional district, whether of any intrinsic value or not, in order to dispel fiscal conservatism and prevent opposition to government spending in someone else's state or district.

The Nature Conservancy states in its fundraising literature: "We don't sue or picket or preach. We simply do our best to locate, scientifically, those spots on earth where something wild and rare and beautiful is thriving, or hanging on precariously. *Then we buy them.* We're good at it. In less than three decades we've acquired Rhode Island, twice over." The only problem with the Nature Conservancy is that they transfer over half of the lands they acquire to government agencies, and thus into the tragedy of the commons.

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nia, and the gem of its refuge system, the Virginia Coast Reserve, a string of 13 barrier islands along the southernmost Virginia seashore. With the Coast Reserve under their wise and careful management, these fragile and environmentally important islands will not only be preserved from the major threat to barrier beaches—federally subsidized development and destruction[49]—but they will also not fall victim to the tragedy of the commons and the extreme overuse which has characterized public beaches throughout the country. This is perhaps nowhere more evident than at the Sandy Hook unit of the Gateway National Recreation Area on the North Jersey coast, where overuse of the public resource has begun to turn an extremely important environmental area into another Coney Island. In fact, while the Nature Conservancy's Virginia Coast Reserve is benefitting from careful protection against overuse, (with full-time managers and game wardens excluding all visitors from especially fragile areas and visitors from nesting colonies in season) a political debate is raging between competing users of Chincoteague National Wildlife Refuge on Assateague Island, immediately to the north of the Coast Reserve, between preservationists and bird-watchers who want off-road-vehicles kept off the erosion-prone beaches, and fishermen and ORV afficianados who want to drive the beaches. Whatever decision is reached, there is obviously little if any certainty that the next administration will not reverse it, and in any event political turmoil will continue to be the guiding management principle.

Perhaps nowhere have the advantages of private ownership been more graphically illustrated than in the National Audubon Society's chain of private refuges, totalling some 250,000 acres. The keystone of their refuge system is the 26,800-acre Paul J. Rainey Wildlife Sanctuary in coastal Louisiana, winter home to a substantial percentage of the continent's lesser snow geese. The directors of the Audubon Society have determined that the func-

49. For a discussion of how a vast array of federal agencies and bureaus, including the Environmental Protection Agency, have subsidized the development and destruction of the nation's barrier beaches, *see* William J. Siffin, "Bureaucracy, Entrepreneurship, and Natural Resources: Witless Policy and the Barrier Islands," *Cato Journal*, Vol. 1, No. 1, (Spring, 1981), pp. 293–311. For a discussion of how environmentalist-promoted legislation to place the nation's seashores in public ownership has led to the tragedy of the commons with overuse of beaches, erosion of seacliffs, garbage pollution, and the overharvesting of shellfish, *see* Roger LeRoy Miller, "An Economist's View of the Individual," *The Personalist*, Vol. LIII, No. 3, (Summer, 1972).

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tion of the refuge is to preserve the snow geese, and the refuge is managed accordingly. As the private owners of the refuge, they can and do limit visitors to prevent disturbance of the geese, free from the pressures of having competing user groups and taxpayers demand that "their" public lands be managed as they want. Furthermore, the managers of the Rainey Sanctuary have been able to demonstrate the superiority of private ownership in resolving the insoluable problems of conflicting multiple-uses in a commons, by allowing carefully controlled and managed natural gas production and cattle grazing at Rainey, with the royalties and grazing fees being used for both management and improvement of the refuge as well as for other goals of the Audubon Society. One need only compare the sensitive and successful management of this private refuge with the recent history of the Horicon National Wildlife Refuge in central Wisconsin. For more than a decade "management" at Horicon has alternated between deliberate policies to attract and feed as many geese as possible and policies designed to discourage and drive away the geese. Which policy was operational depended upon the political pressures brought to bear by adjacent property owners who either want more geese or fewer geese, as well as by people in other states who object to their tax dollars being used to subsidize goose hunting in Wisconsin at the expense of hunting in states down the rest of the Mississippi flyway.[50]

50. *See* Robert J. Smith, "Conservation and Capitalism," *Libertarian Review*, October, 1979, pp. 19-25, for a discussion of private conservation programs and the Rainey Sanctuary. *See* also Donald G. Schueler, "Land of the Snow Geese, Three-cornered Grass—and Lonnie Lege," *Audubon*, July, 1978, pp. 18-37. For a treatment of the amazing Horicon program, *see* Bil Gilbert, "Uncle Sam Says Scram! Goose Goose at Horicon Marsh," *Audubon*, January, 1977, pp. 42-55. John G. Mitchell, "The Oil Below," *Audubon*, May, 1981, pp. 16-17, discusses the decision of the Michigan Audubon Society to allow oil exploration at the Bernard W. Baker Sanctuary, a major staging ground for sandhill cranes. It is interesting that the National and many state Audubon Societies recognize that resource development, wildlife conservation, and wild area preservation are not necessarily incompatible—certainly not on their own privately owned lands. One can only wish that Audubon president Russell W. Peterson could draw the correct conclusion from this regarding the question of resource development on the public lands, restrain his strident criticism of development as part of a "use-it-up-and-the-hell-with-the-future ideology of the present administration," and instead attempt to "reach and convince the majority of Americans" that a society based upon private ownership of property can preserve its wild areas and wildlife for the future if we all work to preserve it privately—as has the Audubon Society. It seems singularly inconsistent to rail against resource development on the public

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Some of the most misused refuges and parks that are now suffering from the inherent overexploitation resulting from their being treated as a commons might be resolved by allowing groups such as the Audubon Society or Ducks Unlimited to take over the ownership and management of these areas. Of course there is no inherent reason why any such transfer should be exclusively to preservationist groups or hunting organizations, but at least we could begin a trial program of shifting some refuges out of the common property syndrome and into private ownership in order to see whether superior results are achieved.

Preserve, Protect (and Profit)

Wildlife in America has suffered overexploitation and in some cases extinction or near extinction to an alarming degree, especially given the astounding populations of much of our wildlife in the pre-Colonial period as well as the enormous size of the United States and the relatively small human population, as compared to many small and crowded European countries. This again has resulted from the fact that wildlife in America has been treated as a common property resource, free for all to take, and therefore there have been no private incentives not to overharvest wildlife—as has been the case in Europe and a number of other countries. Because property owners receive little benefit from the native wildlife on their lands, they have little incentive to preserve it. Among other things this has led to the rapid development of ranches and farms in the Southwest being stocked with foreign game animals which can be managed as private property, often to the detriment of native game such as the white-tailed deer. We should explore the possibilities of extending ownership of native game animals and wildlife to property owners so that they have a vested interest in preserving the herds on their lands, rather than viewing them as "pests" competing for forage with their cattle, sheep, or non-native wildlife.[51]

domain as evil, while one's own organization is busily exploiting natural gas, oil, and timber on its own lands.

51. *See* Robert J. Smith, "Resolving the Tragedy of the Commons by Creating Private Property Rights in Wildlife," *Cato Journal*, *op. cit.*, for a general treatment of the use of private property to preserve wildlife. *See* also Walter N. Thurman, "'Resolving the Tragedy of the Commons': A Comment," in *ibid.*, pp. 469–471. For a discussion of the use of property rights to preserve Africa's wildlife, *see* Robert K. Davis, Steve H. Hanke, and Frank Mitchell, "Conventional and Unconventional Approaches to Wildlife Exploitation," *Transactions of the Thirty-Eighth*

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Another positive step would be to stop viewing wildlife farming and ranching as immoral because it involves the making of a profit from the harvesting of wildlife, and recognize it as a positive step in an overall strategy for the long-term wise management of wildlife and the ultimate preservation of wildlife—whether endangered, threatened, or common. In one of the most illogical and counterproductive, wildlife decisions ever made, the Departments of Interior and Commerce under President Carter, acted to ban the trade in farm-bred green sea turtle products. By halting the legal trade in farm-bred turtle products (meat, soup, leather, and shell jewelry), the agencies simply brought into play the economics of prohibition, and the world demand for sea turtle products is now being supplied with black-market contraband. As a direct result, the last endangered wild sea turtles are being poached to the point of near extinction. Shortly after the anti-farming environmentalists succeeded in banning the import of farmed turtle products, two of the largest wildlife smuggling cases in U.S. history broke, involving the poaching of thousands of rare and increasingly more threatened wild turtles. The saddest commentary is that all of these products could and should have come from captive bred stock. The ban also forced the only commercial sea turtle farm in the world, Cayman Turtle Farm, Ltd., on Grand Cayman Island in the British West Indies, to drastically curtail its operations, which included major scientific and conservation achievements. Yet many environmentalists, still blinded by their opposition to wildlife farming, have yet to recognize the role they have played in pushing sea turtles to the brink of extinction. It is time to encourage private efforts to replace the ages-old overexploitation of common property wildlife populations with legal trade in farm and ranch-bred wildlife. A first step in the right direction would be to repeal the bans on legal trade in farmed wildlife and to amend the Endangered Species Act to allow trade in properly documented farm-bred wildlife, and thereby take the profit out of poaching, smuggling, and black-market operations—or the world's

North American Wildlife and Natural Resources Conference (Washington, D.C.: Wildlife Management Institute, 1973), pp. 75–89 and Norman Myers, "A Farewill to Africa," *International Wildlife*, Vol. 11, No. 1, November/December, 1981, pp. 36–47. For an important discussion of British and American wildlife laws and how the American rejection of private ownership of wildlife has led to its destruction, *see* Thomas A. Lund, *American Wildlife Law* (Berkeley and Los Angeles: University of California Press, 1980).

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wildlife will not long survive.[52] In fact, a rule-making petition seeking precisely that result has just been filed with the agencies by the Pacific Legal Foundation and the Association for Rational Environmental Alternatives.

Increasing numbers of resource economists and environmental economists have begun to explore the steps that might be taken to begin to privatize many areas of the public domain, including BLM lands, Forest Service lands, Wilderness lands, as well as parks and wildlife refuges.[53] While there are still some serious questions involving economic considerations and problems of equity in the various possible methods of divestiture: whether the lands should be given away, auctioned off, sold to different user groups, or sold with protective convenants, there is a general agreement among those who have thought seriously about preserving our resources from common property overexploitation, that some steps must be taken. We must find ways to prevent the continuation of a policy which has produced continuous overgrazing, overcutting, overharvesting, and overexploitation of our lands and natural resources. Professors Baden and Stroup have pointed out that historically much of our land entry legislation has served to use land in a consumptive manner, such as the 1872 Mining Act, which required that a certain amount of time and money be expended each year to develop valid mining claims. They suggested that the Act might be amended to allow claims on the public domain by environmental and conservation organizations in order to "homestead" private wilderness areas, parks, refuges, etc., provided that they expended a certain amount of effort and money in restoring, improving, or managing environmentally important areas. This would also serve as a test of the often heard

52. For a brief treatment of how the tragedy of the commons and environmentalists have doomed sea turtles, see Smith, *op. cit.*, pp. 460–464.

53. *See* John Baden, "Property Rights, Cowboys and Bureaucrats: A Modest Proposal," in *Earth Day Reconsidered*, *op. cit.*, pp. 77–82; Charles R. Batten, "Towards a Free Market in Forest Resources," *op. cit.*; "The Case for Private Forests," *Reason*, November, 1974, p. 56; Richard Stroup and John Baden, "Externality, Property Rights, and the Management of Our National Forests," *Journal of Law and Economics*, Vol. 16(2), October, 1973, p. 303; Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962), p. 31; Edwin G. Dolan, *TANSTAAFL: The Economic Strategy for Environmental Crisis* (New York: Holt, Rinehart & Winston, 1971); Robert J. Smith, *Earth's Resources: Private Ownership vs. Public Waste* (Washington, D.C.: Libertarian Party, 1980); and John Baden and Richard Stroup, "Saving the Wilderness: A Radical Proposal," *Reason*, July, 1981, pp. 28–36.

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claims of how important wild areas are to so many people—by seeing how many volunteers would come forward to save the earth privately.

No one should expect that any of these steps will be easy or will not be met by an outraged cry from the leaders of the environmental movement. As Charles R. Batten has pointed out: "Any proposal to transfer the public lands into private ownership will be resisted by those who derive some private good from the public ownership of lands and from those who remain unconvinced that private owners are better stewards of the land."[54]

But there are enlightened environmentalists who understand the tragedy of the commons and have witnessed the continuous failure of public management of lands and resources, and who are more interested in saving wild places and wildlife than in rhetoric. They might join with fiscal conservatives and those who place a high value on individual freedom to begin experimenting with new ways to preserve the earth. Perhaps we can hope to see the creation of a joint program for the creation of private wilderness zones, in a manner similar to that which has brought together people of divergent political views to push for the creation of enterprise zones in the inner cities.

54. *Op cit.*, p. 516.

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Over There

The Guns of Costa Rica

On May 11, 1981 the Costa Rican government expelled two Soviet diplomats for allegedly meddling in Costa Rica's internal affairs and broke diplomatic relations with Cuba. These events occurred significantly three days before the publication of a Costa Rican Congressional report which revealed that during 1978-79 democratic Costa Rica was a conduit for the illegal arms traffic from Cuba to the Sandinistas in Nicaragua, that officials of the Costa Rican government cooperated in this traffic and may have personally profited for doing so, that senior officials, including President Carazo himself, attempted to cover up this scandal and placed obstacles in the way of the congressional investigation, and that following the Sandinista victory in Nicaragua, arms continued to flow through Costa Rican territory to the rebels in El Salvador.

The seventy-two-page final report, based on 3,000 pages of testimony from seventy witnesses during an eleven-month investigation, was the outcome of charges and allegations made in public by the former military advisor to the Costa Rican Ministry of Security, Alberto Lorenzo, and his son Daniel, a former Civil Guard officer who was an eyewitness to the cooperation between Costa Rican officials and the Sandinistas and Cubans.

"Watergate is nothing compared to what happened here in Costa Rica," insisted Alberto Lorenzo in a lengthy interview with this author. "In the States you had illegal break-ins, obstruction of justice and lying. Here you had the selling of arms and the selling of a country; giving over our territory for foreign soldiers to invade other countries."

"Carazo was totally involved with the Soviet-Cuban offensive in Central America," Mr. Lorenzo insists. "He knew the Communists were going to take over the Sandinista movement. I told him several times and also the Minister of Security. He was an important piece of the Russian-Cuban offensive in Central America."[1]

This sensational report severely censures President Carazo and some of his highest officials, accusing them of lying, obstructing the

1. Author's taped interview with Alberto and Daniel Lorenzo, San Jose, Costa Rica, January 3, 1982.

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work of the investigation, "going beyond the law," and tolerating the intimidation of witnesses. "The attitude of higher authorities," states the report, now fully translated for the first time, "implied the concealment of the facts to the National Assembly and the nation. It led necessarily to many subordinate officials, especially those connected to the events, lying to the commission and creating obstacles to the investigation."[2]

The story begins in January of 1979 when Daniel Lorenzo was sent to Venezuela with twenty-five other members of the Costa Rican Civil Guard for basic infantry training and instructions in guerrilla warfare. "When I came back," he recalls, "I was still sympathizing with the Sandinistas. So I quit the Civil Guard and went to join the Sandinistas at the fighting front. It was then that I started to see all the weapons with Chinese markings and I heard and saw the Communist Cubans talking all over the place. What really disturbed me was that the Sandinistas, only a short way from the [Nicaraguan] border, were in charge and there were no Costa Rican Civil Guards in command. This started to smell to me."

Again, Mr. Lorenzo's allegations find an echo in the official report. In bureaucratically understated language, it reveals the extraordinary information that Venezuelans, Panamanians, and Cubans "gave instructions to the officials of the Ministry of Security" about where arms arriving from Cuba via Panama were to be sent and even assisted Costa Ricans in the loading and unloading of arms. It also maintains that the Costa Rican government allowed "important groups of foreigners" to enter the country without "any type of immigration control being carried out. . . ."

Besides publicly censuring President Carazo for vetoing legislation that "favored the work of the legislative commission," the report also contends that when he first appeared before the investigative body he denied "knowledge of flights from Cuba for transporting arms." But after extensive press coverage of the allegations, the report continues, "he admitted the flights of armaments were coming from Cuba and added that these were arms provided by the Panamanian government."

International Socialist Support

The Commission notes that it could, through testimony from pilots hired for cash to ferry arms in small private aircraft, account

2. Text of English translation of Costa Rican National Assembly's Final Report, released May 14, 1981, p. 6.

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for only twenty-one flights in the final two months in 1979 prior to the fall of Somoza. Daniel Lorenzo, however, maintains that evidence provided by airport administrators indicated that there had been as many as six flights a day, making a total of 250 in the two months of the Sandinistas' final offensive. "The traffic became so heavy," he insists, "that many of the commercial airline pilots were afraid that there would be mid-air collisions. So they solved this problem of flying without control tower help by flying directly from Cuba to Costa Rica's northern border with Nicaragua."

The report raises the additional point that, beyond Cuban, Panamanian, and Venezuelan assistance to the Sandinistas, Socialist European countries like West Germany and Portugal allowed repeated flights to Costa Rica in commercial unmarked Boeing 707's, containing large quantities of arms, with payloads as high as 9,000 pounds per flight. President Carazo denied any knowledge of such foreign flights. But the report concluded that "if the charges are true, we would be in the presence of a private arms smuggling operations carried out with the help of public officials." And certainly, in at least one case, the Palestine Liberation Organization chartered an American-owned 707 that was later loaded with fifty tons of munitions, with a flight plan calling for its eventual destination as Costa Rica. When the arms were impounded in Tunis, Tunisia, the crew claimed that they were flying medical supplies to clinics in Nicaragua via Costa Rica.[3]

Evidence of European socialist involvement in the arms traffic also comes from other sources. The Sandinistas' financial coordinator, Nicaraguan businessman Carlos Tunnermann, admitted that Social Democrats in twenty-five countries contributed large sums of money to the cause that may have paid for weapons and the considerable fees said to have been paid to private pilots flying arms into Nicaragua. Mr. Tunnermann specifically acknowledged the support of former West German Chancellor Willy Brandt, and former Swedish Prime Minister, Olof Palme.

Mr. Tunnermann revealed specific cash amounts: for instance, a special $300,000 "gift" from Swedish socialists in the months prior to Somoza's fall. And between 1977 and 1979, West German, Swedish, and Venezuelan socialist groups gave a total each of $1 million, according to Mr. Tunnermann. In addition, U.S. Socialists and liberals gave $500,000; Switzerland donated $300,000,

3. Associated Press dispatch, *Philadelphia Inquirer*, "U.S. Plane Is Released by Tunisia," July 13, 1979.

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and $200,000 was given by the Netherlands. And Mr. Tunnerman also alleges that the Costa Rican government, besides allowing its country to be used as a sanctuary for the Sandinistas provided medical supplies, hospitals, doctors, clothing, and transportation.[4]

Payoffs and Politicians

With so much money raised for the Sandinista cause it was inevitable that some Costa Rican politicians' support for the war against Somoza was more for money than for ideology. The Costa Rican official investigation implies, for instance, that government officials may have profited from the sale of arms to insurgents by seizing half the arms flown in from Cuba and Europe and storing them in government arsenals and warehouses for later resale to Marxist guerrillas. Alberto and Daniel Lorenzo insist not only that President Carazo personally profited from the arms traffic but also that one of his sons was involved in arms sales for profit. Daniel Lorenzo claims that he was present in the apartment of an arms dealer when he received a telephone call from one of the President's sons asking whether 100 rifles were still for sale at $1,000 each. "The arms dealer," Daniel Lorenzo insists, "was concerned that the weapons would fall into the hands of the Communists. President Carazo's son said not to worry."

When the above allegations were made before the Costa Rican Congressional Commission, President Carazo branded them "false and a lie," hinting he might sue. But he has so far failed to launch a libel action. "They haven't sued us," maintains Alberto Lorenzo, "because they know we can back up with documentation our charges." And it is certainly true that earlier official denials of Costa Rican involvement in the Nicaraguan civil war have been discredited by the report.

During the period between June of 1978 and the fall of Somoza in July 1979, President Carazo and his Minister of Security, Juan Jose Echeverria, continued to deny allegations by the Somoza government and repeated reports in the press that Costa Rica was playing a critical role. In an interview with this author in September 1978, Mr. Echeverria insisted that "we are making every effort to stop our country from being used as a staging area for the Sandinistas. When we find a guerrilla," he continued, "we disarm him or her and deport them out of the country."[5] Later in November

4. "How Sandinistas Raised Funds to Pay For Their War." *Christian Science Monitor*, July 17, 1979.

5. Author's notes from interview, September 8, 1978, San Jose, Costa Rica.

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1978 Mr. Echeverria insisted to another U.S. reporter that repeated charges of Costa Rican involvement with the Sandinistas was a ploy by Somoza with "a clear objective on the part of the Nicaraguan government to provoke us. So far we have reacted with caution."[6]

However, the National Assembly's report specifically censures Mr. Echeverria for failing to control either the Sandinista guerrillas or the constant stream of weapons into the country. Indeed, it even points out that not only did he permit Panamanian planes to off-load Cuban weapons, but he also allowed them to be stored in Ministry airport hangers and warehouses, and later taken to the northern border regions "in trucks belonging to the Ministry of Security driven by drivers of the Ministry."

Spread of Conflict to El Salvador

Weapons for the Communist guerrillas in El Salvador also originated from some of the same sources in their country that had supplied the Sandinistas. In March of 1980 Minister of Security Echeverria had denied a charge by the defense minister of El Salvador that "arms are reaching Salvadorean guerrillas from Costa Rica.[7] Again, however, the official report discredits this denial. "The Commission can categorically state," observes the report, "that during the year of 1980 and the first months of 1981 there took place a traffic of war materiels from Costa Rica, or through Costa Rican territory, to El Salvador directly or using the Republic of Honduras as a bridge."

It was during this period, in June 1980, that a private plane of Panamanian registry, piloted by a Costa Rican national, crashed in El Salvador. It was loaded with arms that had been picked up in Costa Rica. In the same week, 84 rounds of 75mm recoilless rifles were captured in San Jose from an arms dealer who was in the process of making the transaction when seized.

Daniel Lorenzo also alleges that the assistant director of the Costa Rican National Security Agency, for whom he worked, had related to him how he had arrested a group of Salvadorean guerrillas in San Jose with enough explosives "to blow up downtown San Jose." The guerrillas were photographed and fingerprinted, but later "an order came down from Echeverria to release these guys. The explosives also disappeared with the fingerprints and

6. "Costa Rica Sees Somoza Plot in Border Action," *The Washington Post*, November 24, 1978.

7. United Press International, San Jose, Costa Rica, March 23, 1980.

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photos." And both the Lorenzos maintain that the June 1980 resignation of Minister of Security Echeverria was forced by the Carter administration's two top State Department officials after it was discovered that the arms smuggling operation via Costa Rica had expanded from Nicaragua to El Salvador. "The American government," relates Daniel Lorenzo, "saw the mess and damage it had helped to create and it put pressure on Carazo to throw Echeverria out of power. The public reason for his resignation was that President Carazo, a Catholic, could not have in his government a divorced person as one of his top ministers."

The Costa Rican National Assembly's final report relates that in two instances Costa Rican nationals ferried arms into El Salvador by both plane and truck. One suspect was arrested in Honduras after "several trips (by truck) from San Jose, carrying arms for the Salvadorean guerrillas." On January 26, 1981, a Costa Rican pilot brought arms to El Salvador in a private plane of Costa Rican registry after leaving Managua, Nicaragua. "While all this does not directly relate to the arms traffic," the final report states, "it does serve to tie Costa Rican pilots and airplanes to clandestine operations in El Salvador."

Central American Crossroads

The spread of terrorist war to El Salvador, Honduras, and Guatemala has its origins in the guns that Costa Rica permitted to pass through its territory. Former Costa Rican foreign minister Gonzalo Facio contends that President Reagan must seriously consider leading a move in the OAS to create an Inter-American military peacekeeping force to combat a new Communist offensive that he contends is coming and could climax with Central America suffering the same fate as Cuba and Nicaragua.

"The objective of the current Communist offensive in Central America," he maintains, "is Mexico and its vast oil riches and its geographical proximity to the US. If the Reagan administration does not soon take prompt action the whole Central American region will go to the Communists in Havana and Moscow by deadly default."[8]

Jeffrey St. John

8. Tape recorded interview with Gonzalo Facio, San Jose, Costa Rica, January 6, 1982.

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Rescuing Reaganomics

DAVID HALE

It seems probable that the Reagan administration will have to change its fiscal policy. Public confidence in the Administration's economic strategy is dissipating rapidly under the impact of rising deficits and high interest rates. There could be a Republican political disaster this autumn. In turn, congressional Republicans—including some of the President's closest ideological allies like Senator William Armstrong (R-Colo.)—are looking for ways to increase revenue as the easiest way of tackling the looming deficit. Unless the President decides to force a more accommodative monetary policy upon the Federal Reserve (which would threaten his success in reducing inflation) pressure will continue to build for fiscal policy changes aimed at reducing future budget deficits.

Admittedly Arthur Laffer and a few "supply-side" economists are trying to persuade the President that he could solve his problems at a single stroke by returning to the gold standard, but it is questionable whether any monetary reform by itself will eliminate pressures for fiscal policy changes aimed at reducing future budget deficits. Laffer argues that a return to gold will wipe out the big inflation premium which currently exists in U.S. interest rates, but the inflation premium will vanish only if investors believe the switch to gold is permanent. Any testing of the gold window to determine the authority's resolve could result in monetary policy becoming even more restrictive than it was in 1981.

If monetary policy cannot be altered to satisfy the Administration's objectives, fiscal policy will have to be changed. The only question is how this change will occur. Will financial and economic crisis this Spring or Summer result in panicky attempts to reduce the budget deficit by repealing some portion of 1981's personal income tax changes? Or will the Administration itself go back to the drawing board and produce an alternative budget strategy which remains consistent with its initial goals of improving tax incentives for work, savings, and investment? The way this question is answered will have a major impact on how economic policy is conducted for many years to come.

There is a considerable risk that if the Administration does nothing, it will be overwhelmed by a crisis which jeopardizes not

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only last year's legislative accomplishments, but the whole momentum of the revolution in "supply-side" economics. It is essential to the country's long-term prosperity that we not revert to the fiscal policy of the Carter period and attempt to balance the budget through bracket creep and inflation-induced increases in marginal tax rates which undermine incentives to work, save, and invest.

How can the Administration lower the budget deficit while remaining faithful to its original supply side principles? One possible solution which has not yet been considered is the introduction of a flat rate or narrow band personal income tax system which would exclude most of the tax system's current deductions and exemptions. In 1980, U.S. personal income was about $2.2 trillion and federal personal income tax receipts were about $260 billion. The Treasury could have raised as much tax revenue from a flat rate 12 percent income tax as it did from the elaborate system of brackets, differential marginal tax rates, exemptions, deductions, and loopholes that constituted our tax system in 1980 and that continue in effect today.

Some aspects of the current tax system, such as the personal standard deduction, also could be retained without violating the basic principles of a flat rate income tax. A $1,000 standard deduction for each person would reduce the tax base by about 10 percent, so the tax rate would probably have to be 13 to 14 percent rather than 12 percent. But even a tax rate as high as 14 percent, or 16 percent, if the standard deduction were to be set at $2,000, would represent a considerable improvement over the current system. *Indeed, the lowest marginal tax rate in 1980 was 14 percent.*

In addition to reducing the budget deficit, a flat rate income tax would have a more dramatic impact on economic behavior than the current Reagan program. The Reagan program is part tax reform and part tax relief. It contains some radical reform elements, such as slashing the upper marginal tax rate on investment income from 70 percent to 50 percent and the indexation of all tax brackets after 1985. But for the overwhelming majority of taxpayers between now and 1985, the Reagan program provides tax relief rather than far-reaching structural tax reform.

As dramatic as the Reagan tax changes may seem because of big budget deficit estimates and the propaganda of some of the President's supply side advisors, they do not radically alter the structure of tax incentives for work, savings, and investment. As can be seen in Table 1, they merely neutralize the tax conse-

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TABLE 1

Marginal tax rates
without tax cut

AGI (1978$)	1978		1979		1980		1981		1982		1983	
	Fed.	Total	Fed.	Total	Fed.	Total	Fed.	Total	Fed.	Total	Fed.	Total
13,000	.19	.25	.18	.24	.18	.24	.21	.28	.21	.28	.21	.28
15,000	.22	.28	.21	.27	.21	.27	.21	.28	.24	.31	.24	.31
17,000	.22	.28	.21	.27	.24	.30	.24	.31	.24	.31	.28	.35
19,000	.25	.25	.24	.30	.24	.30	.28	.35	.28	.35	.32	.39
22,500	.28	.28	.28	.28	.28	.28	.32	.39	.32	.39	.37	.44
27,500	.32	.32	.32	.32	.32	.32	.37	.37	.37	.37	.43	.43
40,000	.42	.42	.43	.43	.43	.43	.49	.49	.49	.49	.49	.49

Fed.—Marginal rate from federal tax code.
Total—Sum of federal marginal rate and Social Security rate.
Data apply to joint return of four-person household using standard deduction. Tax rates are rounded to the nearest percent.

Marginal tax rates after Reagan tax cut
Household of four filing jointly
(using standard deduction)

AGI (1978$)	1980		1981		1982		1983	
	Fed.	Total	Fed.	Total	Fed.	Total	Fed.	Total
13,000	.18	.24	.21	.27	.19	.26	.17	.24
15,000	.21	.27	.21	.27	.22	.29	.20	.27
17,000	.24	.30	.24	.30	.22	.29	.23	.30
19,000	.24	.30	.28	.34	.25	.32	.25	.32
22,500	.28	.28	.32	.38	.28	.35	.30	.37
27,500	.32	.32	.37	.37	.33	.33	.35	.35
40,000	.43	.43	.48	.48	.44	.44	.40	.40

Household of four filing jointly
(itemizing deductions)

AGI (1978$)	1980		1981		1982		1983	
	Fed.	Total	Fed.	Total	Fed.	Total	Fed.	Total
13,000	.18	.24	.18	.24	.16	.23	.15	.22
15,000	.18	.24	.21	.27	.19	.26	.17	.24
17,000	.21	.27	.21	.27	.22	.29	.20	.27
19,000	.21	.27	.24	.30	.22	.29	.23	.30
22,500	.24	.24	.28	.34	.25	.32	.25	.32
27,500	.32	.32	.32	.32	.33	.33	.30	.30
40,000	.43	.43	.42	.42	.39	.39	.40	.40

Two economists at the Federal Reserve Bank of Philadelphia recently published the above tables in order to illustrate how the Reagan program would affect marginal tax rates. As the tables indicate, the Reagan program merely adjusts tax brackets for recent and prospective inflation. It does not provide a radically new and different set of incentives for work, savings, and investment than existed a few years ago. The program provides tax relief for inflation rather than tax reform.

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quences of recent inflation. Except for a few people in the very top brackets, they recreate the incentive structure of the tax code a few years ago. The country needs a more radical approach to tax reform if the Reagan administration is to succeed in fundamentally altering economic behavior.

Let us assume first an inflation rate in the 7-9 percent range during the next few years. In that event, real after-tax returns on many financial assets will continue to be negative for high income people. The disincentive to own financial assets will be far less pronounced than before, but as can be seen in Table 2, it will still not be strongly positive. Second, the tax system continues to provide strong incentives for people to borrow. There is nothing intrinsically wrong with tax incentives to borrow, but the Administration wants to increase the savings rate, and the tax incentives for borrowing obviously tend to depress the savings rate. The personal savings rate represents the difference between consumer acquisition of financial assets and consumer borrowing. The United States has the lowest personal savings rate in the industrial world

TABLE 2

Real After Tax Returns on Financial Assets with 8.5% Inflation, 12% Interest, and the New Tax Laws

Taxable Income Bracket	Return				
	Present	1981	1982	1983	1984
(1)	(2)	(3)	(4)	(5)	(6)
$ 0- 3,400	0%	0%	0%	0%	0%
3,400- 5,500	1.8	1.9	2.1	2.1	2.2
5,500- 7,600	1.6	1.7	1.7	1.8	1.9
7,600- 11,900	1.3	1.5	1.7	1.6	1.7
11,900- 16,000	1.0	1.1	1.0	1.2	1.3
16,000- 20,200	0.6	0.7	0.6	0.9	0.7
20,200- 24,600	0.1	0.3	0.3	0.6	0.3
24,600- 29,900	- 0.3	- 0.1	- 0.2	0.1	- 0.3
29,900- 35,200	- 0.9	- 1.4	- 0.9	- 0.5	- 0.3
35,200- 45,800	- 1.7	- 1.4	- 1.5	- 1.1	- 0.8
45,800- 60,000	- 2.4	- 2.1	- 2.1	- 1.5	- 1.3
60,000- 85,600	- 3.0	- 2.6	- 2.5	- 1.9	- 1.7
85,600-109,400	- 3.6	- 3.2	- 3.1	- 2.4	- 2.1
109,400-162,400	- 4.2	- 3.8	- 3.1	- 2.7	- 2.4
162,400-215,400	- 4.7	- 4.3	- 3.7	- 2.9	- 2.5
215,400 and over	- 4.9	- 4.4	- 3.7	- 2.9	- 2.5

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because it is unique in permitting taxpayers unlimited tax deductability for interest payments.

Some liberal Democrats—and recently even some people in the Administration—have talked about restricting interest tax deductability in order to increase tax revenues. Limiting interest deductability would certainly produce new tax revenue, and, depending upon the scope of the restrictions, probably give a substantial boost to the personal savings rate. The problem is that it would eliminate an important middle class tax loophole while still leaving marginal tax rates as high as 50 percent. Many people adjusted to the inflation and bracket creep of the Carter period by increasing their use of leverage, either through mortgage borrowing or installment debt. So if a swing to the left in some future election led to higher marginal tax rates or merely suspension of bracket indexation, the middle class would be defenseless, from the standpoint of taxation, against any resurgence of high inflation.

Nor should we forget that the Reagan tax changes, as big as they may seem, will only reduce the average tax rate in the United States to its 1978 level. During the past six years, bracket creep has added nearly 2 percent of personal income to federal tax receipts. The average personal income tax rate in the U.S. (personal income tax payments/personal income) was 12 percent in 1981 compared to 10.2 percent in 1976. During that time, Congress approved no new tax increases. In 1978, it actually enacted an income tax cut. Inflation and bracket creep, alone, increased the government's tax receipts substantially and the Treasury's tax take would have been even larger if the middle class had not responded by increasing its borrowing and lowering its saving rate.

The beauty of a flat rate income tax system is that it will give a significant boost to the personal savings rate without rendering the middle class more vulnerable to bracket creep in the future. Changing the structure of tax incentives for borrowing and saving also will make it easier for the Federal Reserve to control money growth and business activity without driving interest rates to such high levels. Currently, interest rates have to rise to high real levels in order to choke off household credit demand because of the way the tax system subsidizes borrowing.

The relationship between the tax system and high real interest rates is an especially critical question today because of financial deregulation. The traditional restrictions on bank deposit rates are being phased out and a growing portion of household financial wealth is being invested in either high yielding money market

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funds or bank savings certificates linked to market interest rates. This financial revolution, combined with the switch to monetarist Federal Reserve policies in 1979, has produced an unavoidable transfer of wealth from borrowers to savers and contributed to the recent slump in housing, autos, and capital goods. The interest rate at which the supply and demand for funds converge is a function of many factors but, all other things being equal, it would probably be *less* than that prevailing today, if the tax system did not subsidize borrowing and require high income people to obtain such a large taxation premium in their real pre-tax financial asset returns.

By reducing borrowing incentives and lowering required pre-tax asset returns, a flat rate income tax would probably make the transition to deregulated financial institutions and a monetarist Federal Reserve policy less difficult than it has been so far. The economy would be no less recession proof, but monetary policy would be more efficient. The Fed would not have to impose several years of high real interest rates in order to alter consumer saving and borrowing behavior. Instead of being in its third year of stagnation since 1979, the U.S. economy might be poised for steady, albeit modest, expansion today.

A Narrow Band Tax System

But is the country now so accustomed to highly differential tax brackets and tax rates that many would regard a flat rate income tax as socially and economically intolerable? If Congress and the Administration could not agree on a flat rate income tax, they could still go halfway toward the concept by creating a new tax system with a narrower range of brackets and fewer special deductions.

One such system was proposed in *The Wall Street Journal* last year by Data Resources Economist Edward Moscovitch. He outlined a new income tax system which would have the following features: (a) a maximum income tax rate of 30 percent; (b) a standard deduction equal to 20 percent of income; (c) no preferential treatment of capital gains; and (d) a personal exemption of $2,000. Under such a system, Mr. Moscovitch believes that most taxpayers would take the standard deduction and in effect pay a top rate of 24 percent. Every extra dollar of income would generate 20 cents of additional deductions and the remaining 80 cents of income would be taxed at 30 percent or 24 cents per dollar of income.

Table 3 illustrates how different categories of taxpayers might

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TABLE 3

1983 Federal Income Taxes Paid as Percentage of Income

Average Income in Class	Pre-Reagan Law Filing Status Single	Pre-Reagan Law Filing Status Joint	Kemp-Roth Filing Status Single	Kemp-Roth Filing Status Joint	Moscovitch Filing Status Single	Moscovitch Filing Status Joint
$ 4,649	3.4	0.0	2.4	0.0	0.0	0.0
8,770	8.5	1.8	5.9	1.2	5.2	0.0
11,121	11.3	5.3	7.9	3.7	8.6	0.7
14,322	13.7	7.5	9.6	5.2	10.5	3.4
17,034	15.7	9.4	11.0	6.5	12.0	5.8
20,885	17.3	11.1	12.1	7.8	13.2	7.4
23,567	19.3	12.4	13.5	8.7	14.9	8.7
26,339	20.4	13.5	14.3	9.5	15.9	9.8
30,080	21.4	14.7	15.0	10.3	16.8	10.9
35,724	23.1	16.4	16.2	11.4	17.6	12.2
43,281	25.9	18.9	18.1	13.2	18.8	14.5
57,858	29.6	23.1	20.7	16.1	20.1	17.0
103,663	37.7	31.5	26.2	22.0	21.7	20.3
207,118	45.6	41.6	31.6	28.9	22.7	22.4
439,855	47.4	48.7	32.7	33.7	23.7	24.0
1,050,916	48.3	49.6	33.3	34.1	25.1	24.7
3,057,492	49.4	49.5	33.8	33.7	26.0	25.5

fare in 1983 under the pre-Reagan tax law, Kemp-Roth (which is close to the final Reagan program), and the Moscovitch plan. As Table 3 illustrates, Kemp-Roth is more generous to taxpayers in the $20,000–$100,000 category than the Moscovitch plan, but only just barely. In most cases, the tax share of income differs by only 1 to 2 percent. More importantly, the Moscovitch plan would permit upwardly mobile people to retain 76 percent of any new dollar earned without having to purchase tax shelters, increase their debt burdens, or take some other special action to reduce their effective tax rates.

Like the Reagan program, Mr. Moscovitch estimates that his program would generate big Treasury revenue shortfalls during the initial years. But unlike the Reagan program, the Moscovitch scheme would materially alter the structure of tax incentives for savings and investment. All other things being equal, it would be easier to finance a large budget deficit under the Moscovitch system than the current tax system. The Moscovitch plan is therefore

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a good starting point for development of a simple narrow bracket tax system which would eliminate many of the tax system's current complexities and distortions, especially those depressing the saving rate.

Prospects for Acceptance

What is the probability that the Reagan administration would propose and that Congress would approve a flat rate income tax or a narrow band income tax system? The first thing which must be said is that neither idea is terribly new. When the United States first introduced the income tax in 1913, the rates were only very modestly progressive. They ranged from 1 percent at the bottom ($4,000 of income) to 7 percent at the top (incomes above $500,000).

Dr. Friedrich Hayek, the Nobel Prize-winning Austrian economist, has been advocating a flat rate income tax for decades. In recent years, Alvin Rabushka of the Hoover Institute has written numerous articles on the subject. The idea has attracted some interest in Congress, too, most recently from Jack Kemp, but also from moderate Republicans and Democrats. During the 1970s, Oregon Senator Mark Hatfield put forward proposals for a narrower band income tax system that would have excluded most current deductions and exemptions. Democratic Budget Committee Chairman Jim Jones of Oklahoma also has spoken favorably of the flat rate concept in the past.

Previous attempts to switch to a flat rate income tax have been rejected primarily for three reasons. First, the homebuilding industry has argued that the loss of interest tax deductability would cripple home sales.

Second, charities, foundations, museums, and other non-profit service organizations have told congressmen that any tampering with tax deductions would jeopardize their fund raising efforts. Many groups even opposed the Reagan tax program on the grounds that it would reduce charity contributions. Finally, a flattening of tax brackets and rates would reduce the tax burden on high income people while modestly increasing the tax burden on middle and low income people.

Because of the large number of deductions allowed in the tax code, there is a greater convergence of effective tax rates than one might expect from a glance at the tax tables, alone. High income people also represent a much smaller share of the tax base than is commonly thought. In 1977, for example, taxpayers with taxable

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incomes above $30,000 produced only 6 percent of total federal income tax receipts. But while high income people account for only a small portion of the tax base, the great majority of taxpayers are still clustered in the lower brackets. Some would suffer a small financial loss in the first years after a flat rate income tax was introduced.

In 1977, returns with net taxable incomes under $12,000 accounted for about 85 percent of total returns but only 70 percent of the taxable income base and 64 percent of all income tax collected. Since a flat rate or narrow band tax system would make tax payments more directly proportional to income, some of the tax burden would be shifted downward. Upwardly mobile people would recognize the advantages of a flat rate tax system to their future income stream, but the newspapers would still warn of families in the $12,000–14,000 bracket suffering a short-term income loss.

If the Reagan administration were to propose a flat rate income tax today, all three of these objections would be heard again. But given the President's communications skills and the magnitude of the economic crisis which we face, the Reagan administration still would have a greater chance of successfully promoting the flat rate tax concept than any other recent administration. There are numerous reasons why the idea might gain acceptance.

First, the United States now faces the greatest peacetime budget crisis in its history. While the Administration has so far tried to downplay the importance of budget deficits, revenue shortfalls will ultimately force it to propose tax changes. At some point, perhaps very soon, the Administration and Congress will have to choose between (a) reverting back to our previous dependence upon high marginal tax rates and bracket creep (b) introducing more consumption taxes, or (c) trying something totally new. Unless the Reagan administration can persuade Congress to introduce a national value added tax, some kind of flat rate or narrow band income tax stripped of the system's current deductions and exemptions is the only possible tax solution consistent with the President's initial supply side objectives. A return to bracket creep would violate every principle Ronald Reagan has ever stood for.

Second, the flat rate concept would help to take pressure off monetary policy and interest rates. Everyone now recognizes that the tax system encourages borrowing and discourages saving, but Congress cannot tamper with interest tax subsidies when marginal

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tax rates remain so high. The middle class breathes through its interest deductions. Imagine the support which manufacturing industry might give to the flat rate tax concept if it believed that its introduction would (a) lower the level of real interest rates required to slow the economy, (b) reduce the pre-tax interest rate needed to make bonds or commercial paper attractive investments to the household sector and (c) reduce some of the trade competitiveness eroding appreciation in the U.S. dollar which has resulted from the interaction of the tax system with a monetarist Federal Reserve policy and financial deregulation. Even the homebuilding industry might drop its objection to the flat rate concept if it believed such a policy would break the fiscal/monetary logjam which is now preventing recovery in the housing market.

Third, the public is now more sophisticated than ever before about how inflation and the progressive tax system interact to the taxpayer's disadvantage. Ten years ago opinion polls showed that the property tax was the most unpopular tax. Today, it is the income tax which people most resent. Because of the inflation of the past decade, nominal incomes have risen sharply while real incomes have stagnated. The majority of women, meanwhile, now work and thus have pushed their families into higher tax brackets. Resentment of bracket creep is encouraging the growth of the underground economy and helped to elect Ronald Reagan as president. It now could be harnessed to build public support for a flat rate income tax. In fact, there are signs this is already happening. Mr. Thomas Fields reported in the July 6, 1981 issue of his publication *Tax Notes* that flat rate income taxes "are the single most common tax proposal suggested by the American public at large."

Fourth, a flat rate income tax would be consistent with a general retreat from high marginal tax rates which began two decades ago. High marginal tax rates are a legacy of the Great Depression and the second World War from which we have been gradually escaping since the Kennedy tax reforms of the early 1960s. Woodrow Wilson first introduced 50 to 80 percent tax rates in order to pay for the first World War. Andrew Mellon eliminated them during the 1920s. Herbert Hoover and Franklin Roosevelt restored them, first to balance the budget during the Great Depression and then to finance World War II.

Preoccupied with balancing the budget and fearing comparisons with Mellon/Coolidge era tax reforms, Eisenhower allowed tax rates to remain close to their World War II levels (which stretched from 23 percent to 94 percent) through the 1950s. Serious post-war

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tax reform began under the Kennedy administration, when new tax rates ranging from 17 percent to 70 percent were substituted for the World War II rates. The Reagan tax initiatives are simply the latest attempt to return to pre-War and pre-Depression era tax rates. Reflecting this same trend, the only tax which Congress has dared to increase during the past several years is the social security tax, which is quite similar to a flat rate income tax. Social security taxes now account for about a third of federal revenues compared to 26 percent in 1970, 17 percent in 1959, and 13 percent in 1949.

Finally, a flat rate income tax would broaden public support for the tax system and make it easier for the I.R.S. to enforce the tax laws. The public is now so cyncial about the tax system that it is no longer uncommon to hear people bragging about how they have cheated on their taxes. A tremendous amount of legal and financial talent is also employed in developing legal tax avoidance programs which stretch the tax law as far as it can be stretched. The I.R.S. lacks the manpower to properly enforce the tax laws. The public is not very cooperative about helping it. A simple flat rate income tax system would not only free up thousands of talented people who now devote their lives to planning tax avoidance schemes. It would breathe new life into the whole American tradition of self-policing and self-enforcement in the tax system. A simpler tax system would be both more popular and more efficient than the current tax system.[1]

Wealth Distribution

The one potential long-term problem which could develop from a flat rate income tax is the creation of a much wider divergence in wealth and income distribution than currently exists. The income tax itself was originally introduced in the United States partly because of concern about excessive economic and social inequality.

But the best solution to the problem of wealth distribution is not high income taxes. These merely discourage the growth of income and wealth. The best solution is some kind of wealth tax.

In 1978, Britain's Institute for Fiscal Studies sponsored a major study on the reform of the U.K. tax system, directed by the Nobel

1. Peter Brimelow suggests that the economic impact to the private sector of complying to IRS regulations may be as high as $60 billion, a burden which the flat rate would reduce. For this and other points on the salutary effects of the flat tax rate, *see* Peter Brimelow, "Support Growing for a Flat-Rate Income Tax-Levy," *Barron's*, August 3, 1981.

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Prize-winning economist, Dr. James Meade. The Meade Report recommended that income tax be replaced by an expenditure tax in order to increase incentives for work, savings, and investment. It also concluded that the problem of income distribution would be resolved best by a set of gift and inheritance taxes which would take account of accumulated savings and a person's age when gifts were made or received.

Income tax rates in Britain have been very pernicious since World War II and have tended to reinforce class antagonisms. Old wealth has remained intact. New wealth has been difficult to accumulate and thus restricted social mobility. Left-wing politicians have been able to fan class hatred by pointing to wealth disparities which do not appear to serve any legitimate modern economic purpose. Except where race is involved, class antagonisms in the United States are relatively minor compared to Britain. But the basic thrust of the Meade Committee's recommendations is as appropriate for the United States as it is for Britain. The tax laws should be designed to encourage the growth of income through work, savings, and investment. The wealth distribution question should be addressed through taxes on wealth, either at death or when property is transferred. Concern about wealth distribution should not be an obstacle to the flat rate income tax.

The Reagan administration has produced a remarkable transformation in the American political climate. It would be a pity if its economic program failed because it was not bold enough to replace an expensive but inadequate program of tax relief with a more far-reaching program of structural tax reform that fundamentally altered the impact of taxation on work, savings, and investment. Instead of flirting with questionable changes in monetary policy, the Administration should admit that the Economic Recovery Act of 1981 is incomplete and introduce proposals for a simpler flat rate or narrow band income tax system.

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TABLE 4

Federal Tax Receipts
By Source
(Billions of Dollars)

	1949	1959	1970	1980	1982(e)
Total	$ 38.7(100)	89.8(100)	191.9(100)	540.8(100)	728.2(100)
[1]PIT	16.1(41)	39.9(44)	92.6(48)	257.8(48)	339.3(47)
[2]CPT	9.6(25)	22.5(25)	30.6(16)	70.1(13)	78.8(11)
[3]IBT	8.0(21)	12.5(14)	19.3(10)	40.6(7)	83.8(12)
[4]SS	5.0(13)	14.9(17)	49.3(26)	172.2(32)	266.3(31)

Note: figures in parenthesis equal percent of total.
[1]Personal Income Tax
[2]Corporate Profits Tax
[3]Indirect Business Tax
[4]Social Security

TABLE 5

Personal Tax Brackets and Rates
(Thousands of Dollars)

	Bottom Bracket	Rate	Middle Bracket	Rate	Top Bracket	Rate
1913	$4-5	1%	48-52	2-3	500-1,000	7
1916	4-5	2	48-52	4	Over 1,500	14-15
1918	2-4	6	48-52	35-36	1,000-1,500	77
1925-31	4-5	1.5	48-52	18	100-150	25
1932-33	2-4	4	48-52	30-31	1,000-1,500	63
1933-39	Under 2	4	48-52	31-35	Over 500	77-79
1944-45	Under 5	23	44-50	75	200-300	94
1946-50	Under 5	20	44-50	72	200-300	91
1954-63	Under 5	14	44-50	72	200-300	91
1965-76	1.5-2.0	17	44-50	60	100-150	70
1979-80	1.5-2.0	14	44-50	59	100-150	68-70
1984	2.3	11	41.5-55.3	38-42	81.8	50

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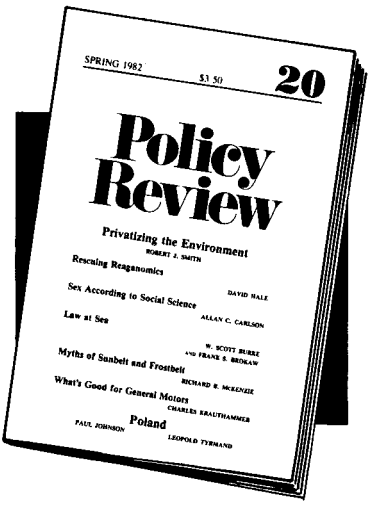

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Law at Sea

W. SCOTT BURKE* and FRANK S. BROKAW

Michael Kinsley, now editor of *Harper's* magazine, once reflected that one of his "proudest achievements" as an editor of *The New Republic* was preventing the publication of any article on the Law of the Sea, one of those topics "so fascinating that more people wish to write about them than wish to read about them." But if the law of the sea really *is* that dull, it is so in the superficial sense that reading a will might be dull. Full of "howsoevers" and "the party of the first part," its prose may repel attention. But if it threatened either to enrich or—more important—to impoverish you, the will would almost certainly be gripping stuff. The United States is in just such a plight in relation to the law of the sea.

In March 1981, the Reagan administration announced the relief from duty of the American delegation to the Third United Nations Conference on the Law of the Sea (UNCLOS). Later the Administration announced that it would reassess American policy toward UNCLOS. The new national government found unsatisfactory the draft treaty that was the product of the negotiations. Its actions signalled a sharp departure from the previous approach of conciliation toward the Third World[1] and other states represented in the UNCLOS proceedings. The Administration's choice then became whether to return to the negotiations to seek revisions or to reject entirely the draft treaty, withdraw from further involvement in UNCLOS, and go its own way. In January 1982, the United States announced that it would return and seek major revisions in the draft convention.

The draft treaty is the outcome of negotiations that began in 1973. UNCLOS was convened in order to create an all-encompassing framework for regulating the sea. The most important and controversial features of the draft concern rights of navigation

*The views expressed herein are not necessarily those of the State Department or the Administration.

1. A variety of terms are commonly applied to the economically underdeveloped states including the Third World, the Group of 77, underdeveloped and less developed countries. They are used interchangeably herein.

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through and flight over straits and the regime for mining the deep seabed.[2] Freedom of navigation was an issue because an increasing number of states claimed sovereignty over waters extending twelve or more miles from their shores. The major powers were concerned about this erosion of the traditional three-mile limit because it threatens unimpeded passage through militarily and commercially important straits. The United States and the Soviet Union strongly desired to reestablish a universally accepted regime to forestall challenges to the right of transit over and through critical maritime chokepoints. The other central issue in the negotiations was the deep seabed, which western companies wanted to mine. The large investment required to undertake this activity makes necessary a stable regime of guaranteed access and secure tenure.

Even before the first session of UNCLOS opened in Caracas in 1973, the United States and the other interested western nations made a concession that was to influence greatly the outcome of the proceedings. They agreed that all issues relating to the law of the sea would be negotiated and resolved at UNCLOS. Addressing so many difficult issues in the same negotiations ensured that the proceedings would be mired in complexity, and that concessions in one area would be traded for benefits in another. Moreover, because all states were entitled to participate, patterns prevalent in other multi-lateral fora appeared in UNCLOS. Anti-western rhetoric and Third World demands for resource transfers became important elements in the proceedings. Because most participants had few if any tangible interests in the law of the sea, they could advance ambitious ideological demands on nations with an important stake in a successful outcome. Because Third World agreement was required for the convention to become effective, western negotiators were strongly influenced to make concessions to states whose only negotiating asset was the right to assent to or to reject the treaty; western concessions were traded for the promise of signatures.

The Common Heritage

Deep seabed mining consists of the harvest from the ocean floor of nodules containing manganese, cobalt, nickel, and copper. Only a few developed nations possess the capital, technology, and

2. Other provisions concern the management and protection of fisheries, conservation of the environment, continental shelf oil and gas production, scientific research and dispute settlement.

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human resources sufficient to exploit the seabed. The Group of 77 lacks any capacity for this undertaking. Therefore, it would be expected that in negotiations regarding the law to be applied to this activity, the West could virtually dictate the terms of the agreement. That they did not is explained in part by the power of ideas to shape important events.

Ambassador Arvid Pardo of Malta set the tone for the UNCLOS negotiations in a speech to the United Nations in 1967. He declared that the deep seabed was beyond national jurisdiction and its treasures were the "Common Heritage of Mankind."[3] The meaning of the Common Heritage principle had never been agreed upon. The industrial states defined it as meaning that the sea belonged to no one, subject to development by anyone (Res Nullius). Third World spokesmen asserted that it belonged to everyone, to be exploited and enjoyed by all (Res Communis). The Res Nullius interpretation would permit those capable of mining the seabed to do so and reap whatever benefits resulted. The variant of the Res Communis construction favored by the Third World would permit them to control and appropriate the benefits of exploitation of the ocean floor despite their inability to contribute anything to seabed development.

Western negotiators apparently perceived the definition of the Common Heritage principle as an ideological abstraction and therefore of little consequence. More concerned about freedom of navigation because of its immediate military importance than about the rules to be applied to an uncertain and as yet non-existent business activity, the United States acquiesced in the Third World approach. Accordingly, the Group of 77's concept of the rights over the seabed determined the boundaries of the debate and ensured that whatever seabed mining regime emerged from UNCLOS would reflect the collectivist Res Communis variant of the Common Heritage principle rather than the version favorable to the West.

Deep Seabed Mining

The draft convention establishes an International Seabed Authority (the Authority) to supervise deep seabed development.

3. In 1969, the United Nations General Assembly passed a moratorium resolution calling on all states and persons to refrain from any seabed exploitation pending establishment of an international regime for the ocean floor. In 1970, it declared the resources of the seabed beyond national jurisdiction as the Common Heritage of Mankind.

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The Authority is divided into an Assembly, a Council, and a Secretariat. The Assembly, composed of all signatories to the treaty, is the supreme body of the Authority. The Council, consisting of thirty-six members representing various blocs in the Assembly, is charged with oversight of licenses, mining plans, and rule-making. The Secretariat is the administrative arm of the Authority. An entity called "the Enterprise" will mine the seabed for the Authority. In addition, a Technical Commission will be created as an arm of the Council.

Mining is to be conducted by the Enterprise and bidders selected by the Authority. Miners bid on two sites, one of which the Enterprise may choose to exploit. The miner may operate the other if approved by a majority vote of the Technical Commission. Members of the Technical Commission are elected by a three-fourths majority of the Council. Decisions of the Commission to grant a permit may be overruled by a unanimous vote of the Council and decisions not to grant may be changed by a two-thirds vote. Because the Third World and Eastern bloc states would constitute the vast majority of the Assembly, they are likely to command a majority of the Council and the Technical Commission. Therefore, they could obstruct applications of nations or firms they found objectionable.

Advocates of the treaty argue that high numerical requirements for actions to be taken by the various bodies of the Authority constitute a protection for the United States. In practice, however, these alleged safeguards may not serve western interests. The Group of 77 could obstruct western mining plans but the developed nations could not retaliate by blocking Third World applications: the underdeveloped states lack the ability to exploit the seabed and therefore could make no applications. Thus the likely result of these provisions would be deadlocks or concessions to new Third World demands.

Miners granted licenses by the Authority must make payments to the Enterprise ranging from 35 to 70 percent of any return on investment. These revenues would enable the Enterprise to conduct its own mining. The draft treaty also provides for the mandatory transfer of technology from the miners to the Enterprise. Underdeveloped states could obtain mining technology by exploiting a site reserved for the Enterprise under the proposed regime. These provisions embody the principle that "technology is part of the universal human heritage."[4] Once the Enterprise has obtained the technology developed by the miners at great ex-

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pense, there would be little incentive for the Council to favor seabed exploitation by anyone else. It could eventually exclude the private sector entirely by amending the regime by two-thirds vote at a Treaty Review Conference to be convened fifteen years after seabed mining commenced.

The draft treaty limits the production of minerals mined from the seabed in order to protect the interests of current land-based producers. International buffer stocks are to be created to stabilize prices. Producers and importers must contract for the long-term purchase of stipulated quantities of commodities. States whose commodities cannot be stored, or with the tendency to decline in price, would be compensated. Thus the draft convention would help to create cartels and price supports for many minerals that the West needs. The result will be to increase prices and to transfer wealth from the importing nations to exporters.

The New International Economic Order

The draft treaty is suffused in its seabed mining provisions with the ideology underlying the New International Economic Order (NIEO) demanded by the Group of 77.[5] It would create a "regulatory structure capable in the long run of furnishing the developing countries with the economic and political tools that will enable them to achieve to their satisfaction, at least within the context of the sea, the ideological goals" of the NIEO.[6]

The NIEO is a plan for the thorough alteration of the world economic system in order to transfer wealth from the West to the Third World. It would "extend to the whole of mankind the principles and priorities now largely accepted *within* civilized nation

4. Lilliana Torreh-Bayouth, "UNCLOS III: The Remaining Obstacles to Consensus on the Deepsea Mining Regime." 16 *Texas International Law Journal* pp. 79, 106 (1981). We have drawn upon her discussion in this article.

5. Among the basic tenets of the NIEO are fifteen fundamentals of international economic relations which, according to the United Nations Charter of Economic Rights and Duties of States, "shall" govern international economic and political relations. They include the right of states to nationalize foreign private investments according to such laws and regulations the state considers pertinent; the right of every state to benefit from scientific and technological developments for its social and economic advancement; the right to establish "organizations of primary commodity producers"; and the corresponding duty of all states to "respect that right by refraining from applying economic and political measures that would limit it."

6. Torreh-Bayouth, *op. cit.*, p. 101.

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states."[7] It challenges the "right of the developed states, generally, to employ the world's limited resources in proportions totally incongruent with their portion of the world population and to the detriment of the people of the developing world as well as to their environment."[8]

The moral claim underlying the NIEO is that disparities in wealth between states are unjust and are caused by unfair economic arrangements, the lingering effects of colonialism, and the depredations of multi-national corporations.[9] Group of 77 spokesmen not only deplore income disparities between states, but condemn the current standard of living enjoyed in the West as an "excessive demand on increasingly scarce resources by a handful of privileged nations."[10] They claim that the manner in which aid is given frustrates the economic development they desire, that western dominance of technology perpetuates inferior Third World status, and that the international economic system forces the underdeveloped states to remain sources of raw materials for the industrial nations.

One of the principles of the NIEO incorporated in the draft treaty is that the Third World states should be empowered to compel resource transfers from the West through institutions and procedures beyond the control of donor nations. The draft convention advances this objective by providing for the supranational taxation of private licensees and mandatory transfer of their technology.

Most previous transfers to the Third World came in the form of direct grants or loans from developed nations or in loans from international lending institutions controlled by the West. Such transfers are determined by those making the grants, not by the recipients. With the exception of humanitarian programs, most foreign assistance is designed to advance the interests of the donor

7. Barbara Ward, "Another Chance for the North?," *Foreign Affairs* (Winter 1980/81), p. 387. (emphasis in the original)

8. Lawrence Juda, "UNCLOS III and the New International Economic Order," 7 *Ocean Development and International Law* pp. 221, 226 (1979).

9. These claims are undermined by the experience of Third World states that have achieved great economic growth through market economies, e.g., Korea, Taiwan, Singapore, and the Ivory Coast. Socialism and incompetent and corrupt governments have generally been overlooked by Group of 77 spokesmen as explanations for their economic failures.

10. Mahbub ul Haq, "Negotiating the Future," *Foreign Affairs* (Winter 1980/81), p. 402.

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nations. Friendly regimes are favored and adversaries penalized. In stark contrast, involuntary transfers would "institutionalize the availability of Northern resources—which, in turn and by definition, increases the measure of choice of Third World leaders, parties and movements."[11]

Until recently, it has been universally assumed that policies that increase the influence of a nation in other states were advantageous because they encourage desired behavior and make detrimental actions by others less likely. In the case of the United States, aid generally has been designed to resist the spread of communism and, in recent years, to dissuade states from gross human rights violations. To the extent that American resources are transferred involuntarily to Third World states, the ability of the United States to influence recipients and achieve these aims is reduced. Moreover, involuntary transfers undermine the sovereignty of donor nations and circumvent the institutions by which citizens of democratic nations make their governments accountable. The draft treaty's deep seabed mining regime would lead to such transfers and would establish a precedent for such practices in other contexts. American concurrence in such a scheme would legitimate demands for similar practices in existing institutions such as the International Monetary Fund and the World Bank and will help the Group of 77 to set the agenda for future discussions of the international economic system.[12]

National Security

Most advocates of the draft treaty concede that its seabed mining provisions are not ideal. Elliot Richardson, for example, states that they have "serious deficiencies."[13] However, they assert

11. Ward, *op. cit.*, p. 392.

12. Third World spokesmen view the draft treaty as a significant step in the long-term effort to create the NIEO. A former representative of Kenya to UNCLOS proceedings writes: "[T]he process of creating the Authority represents struggle in the attempt to abandon the structure of traditional institutional arrangements for international organizations in favor of new approaches in regard to the powers and structure of an international organization with non-traditional roles." A. O. Adele, "The Group of 77 and the Establishment of the International Seabed Authority," 7 *Ocean Development and International Law* pp. 31, 59–60 (1979).

13. Elliot Richardson, "Power, Mobility and the Law of the Sea," *Foreign Affairs* (Spring 1980), p. 916. Mr. Richardson represented the U.S. at UNCLOS during the Carter Administration and has become an indefatigable proponent of the draft treaty.

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that because other features of the draft are advantageous, the treaty as a whole should be approved. In particular, they claim that the provisions regarding passage through straits so greatly advance American interests that they justify overlooking the offending features.

Discussions of international law are often artificial and conducted at an unrealistically high level of abstraction. Western commentators frequently write as if such norms were the same as the domestic laws of their homelands, violation of which can be severely punished.[14] Yet whatever standards formally prevail in international law are unenforced by a supra-national policeman. In fact, if one state violates international law, for example, impeding the rightful passage of another state's warships, no court will compel the violator to obey the law. Unless the aggrieved nation either uses force or threatens credibly to do so, it must endure the violation of its rights under international law. The American reaction to Libya's attempt in 1981 to obstruct the passage of American naval vessels in the Gulf of Sidra illustrates the conduct that must be undertaken periodically by any nation whose interests are harmed by a violation of international law. Seizure of the American hostages by Iran in 1979 in flagrant violation of international law and despite United Nations resolutions and International Court of Justice injunctions demonstrates the impotence of international law when the offending state does not fear military retaliation. Any legal convention governing the sea will depend ultimately upon the willingness of aggrieved nations to punish violators.

Until recently, the major powers have encountered relatively few peacetime difficulties in straits passage. The willingness of the great powers to use force to prevent obstruction of passage, and the nearly universal acceptance until the 1960s of the three-mile territorial limit, insured sufficient mobility. Straits passage be-

14. *See*, for example, Philip C. Jessup, "Revisions of the International Legal Order," 10 *Journal of International Law and Policy* 1 (1980), who points to the international reaction to the seizure by Iran of the American hostages in 1979 as an example of the beneficial consequences of international law. He writes that the seizure "was denounced by the entire international community whose members felt and recorded the conviction that all were threatened by this breach of the time-honored rules of international law." (p. 2) The effect of these denunciations upon the fate of the hostages is not easy to discern. Professor Jessup concedes that "the international community as such did not bring 'its combined power to bear on the violator,'" (p. 3) and condemns Iran's "failure to do its duty" to appear before the International Court of Justice. (p. 5)

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came an important issue because of the extension of claims of sovereignty over territorial waters from three to twelve miles and beyond. This extension would close 119 straits not encompassed by the three-mile limit, including strategically important straits such as Gibraltar, Malacca, Hormuz and Bab el Mandab.

There is no doubt that unimpeded passage is necessary to enable the United States to reach trouble spots and to apply force, credibly threaten to do so, or simply to show the flag. American nuclear submarines must have unrestricted access to the oceans and the ability to conceal their whereabouts in order to maximize their strategic value. Whatever regime is established must "provide for wide surface and aerial access and rights of submerged passage as unconditionally as possible."[15]

Treaty advocates claim that if a regime were created that guaranteed free transit through straits, confrontations and military actions to enforce passage rights under current unstable international norms would be avoided. They argue that the draft convention established such a regime and that attempts to limit straits passage will be more frequent if the UNCLOS regime is not accepted.

The draft treaty provides that "all ships and aircraft enjoy the right of transit passage, which shall not be impeded," and defines transit passage as "the exercise in accordance with this Part of the freedom of navigation and overflight solely for the purpose of continuous and expeditious transit of the strait." It also provides that "[a]ny activity which is not an exercise of the right of transit passage remains subject to the other applicable provisions of this Convention." This clause means that whoever defines "transit passage" and determines whether a specific transit conforms to that definition may be entitled legally to deny passage under the regime.

"Transit passage" is a concept given birth by UNCLOS. It is a right that depends upon the adherence by transiting vessels to various requirements set forth in the treaty. To be entitled to such passage, ships and aircraft must:

(1) proceed "without delay through or over the straits";

(2) refrain from "any threat or use of force against the sovereignty, territorial integrity or political independence of States bordering straits, or in any other manner in violation of the principles embodied in the Charter of the United Nations";

15. W. Michael Reisman, "The Regime of Straits and National Security: An Appraisal of International Lawmaking," 74 *American Journal of International Law* pp. 48, 53 (1980). Mr. Reisman is indispensable for understanding the argument against the draft treaty.

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(3) refrain from "any activities other than their normal modes of expeditious transit unless rendered necessary by force majeure or by distress"; and

(4) comply with "other relevant provisions of this Part."

It is uncertain who, under the convention, is entitled to determine whether the requirements for transit passage have been fulfilled. The interpretation favored by treaty advocates emphasizes the context in which the negotiation occurred and unilateral statements and interpretations by western negotiators in the course of UNCLOS.[16] Others argue that the treaty would permit straits states to "unilaterally determine that a particular transit, in given circumstances, violates [the applicable provisions], hence is not a 'transit passage' in the meaning of the convention and may be prohibited entirely or permitted only upon the fulfillment of conditions imposed by the coastal state."[17]

If straits states assumed the right to enforce the treaty's transit passage provisions, they would possess wide discretion to prohibit transits they viewed unfavorably. To prevent passages they opposed, they could invoke the indefinite, hortatory principles of the United Nations Charter (compliance with which is required for transit passage) or the draft treaty's prohibition of the use or threat of force.

The interpretation unfavorable to the major seapowers is not necessarily correct. It is, however, plausible or arguable, and therefore likely to be used by straits states in the future when expedient. The American interpretation is not assured of universal acceptance. Therefore, transit rights will not be conclusively established and accepted by all but will remain dependent upon the willingness of the great seapowers to use or threaten force to compel others to accept their interpretation.[18] Because this is about

16. *See*, e.g., John Norton Moore, "The Regime of the Straits and the Third United Nations Conference on the Law of the Sea," 74 *American Journal of International Law* p. 77 (1980).

17. Reisman, *op. cit.*, p. 70.

18. Ambassador Richardson suggests that the treaty would assure the United States "rights of navigation and overflight free of foreign control, free of substantial military risk and free of economic or political cost." He believes that the ability of the United States to bring suit against an offending state "would help relieve us of having to choose between acquiescence and defiance each time a claim is made that could erode high seas freedoms." He does not explain how an offending state could be forced to appear before a tribunal against its will nor how such a tribunal could enforce its judgements.

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the same as the current situation, the straits provisions of the draft treaty do not represent a great advance and cannot justify the treaty's unfavorable aspects or the treaty as a whole.

The National Interest

Americans are pragmatic. They are interested in results, not words, and tend to believe that abstract or ideological discussions are pointless and irritating. They are often willing to concede a point of principle in return for some tangible benefit. This is especially true of lawyers, who frequently represent the United States in international negotiations. They are well paid: as litigators, to extract money from or avoid payments to adverse parties, and as commercial lawyers, to draft business agreements that protect the financial interests of their clients. Their focus is upon practical, concrete, immediate matters; except for constitutional lawyers, ideology plays virtually no role in their legal representations.

This approach can be dangerous when transferred to multilateral fora where concessions on an ideological formulation in return for an immediate benefit can have unfortunate consequences. When the purpose of a negotiation is not to settle a dispute within an accepted legal framework but to create such a framework, philosophical distinctions and ideology are particularly important. No matter how significant the tangible, short-term benefits, a legal regime based upon values inimical to American interests will be damaging in the long run because it will justify future demands based upon those values. Once the ideology from which such demands spring has been accepted in principle by the United States in a treaty, opposition to the new demands they foster in different contexts will be difficult to rationalize or justify.

The proper course for the United States to follow must be based upon weighing the costs and benefits of concurrence in whatever results from the effort to renegotiate the draft against rejection and withdrawal from UNCLOS proceedings. Renegotiation will be difficult. Concessions made years ago must be retracted and those who won those concessions must be persuaded to agree to their retraction. The strong ideological commitment of the Group of 77 to the NIEO which underlies the deep seabed regime makes very unlikely their agreement to American demands for change.

The threat to go it alone remains America's strongest negotiating asset. The credibility of this threat may, however, have been somewhat undermined by the decision to renegotiate in the face of discouraging prospects for success. In any event, tinkering with

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the mining regime would be unsatisfactory because it would not alter its ideological underpinnings and would still constitute agreement in principle with many of the basic tenets of the NIEO. Unless the deep seabed regime were completely changed, this ideology would be assimilated into international law and would justify escalating demands by the Group of 77 for additional concessions from the West.

Refusal to continue the negotiations would have evoked hostile comments from Third World spokesmen, as would withdrawal in the event renegotiation proves unsuccessful. Beyond such denunciations, the cost to the United States of outright rejection would be small. Negotiations with other states capable of exploiting the seabed could commence. Congress would enact laws to provide miners with secure tenure. The ability of naval vessels to traverse straits unimpeded would remain dependent on the willingness of concerned nations to use force to guarantee passage. Because the Soviet Union is the only country capable of resisting determined American efforts to maintain such rights, and because its own mobility is of equal or greater importance to its security, the risks in this context entailed in withdrawal are similarly small.

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Notes on the Polish Question

LEOPOLD TYRMAND

> The world today is a battlefield in a psychological war in which words are weapons. There's little doubt that, so far, the Soviet Union has been winning hands down. When it comes to juggling words, that country—which lives in a neomedieval verbal and ideological climate—has complete superiority over the pragmatic (therefore naive), bungling and clumsy West.
>
> —*Stefan Kisielewski*

The Question

Sometime during the nineteenth century, European diplomatic nomenclature began a tradition: any annoyingly complex issue came to be called a question. Soon journalism adopted it for use in its daily polemics. I suspect that this may have originated during the Congress of Vienna, where some unalterable arrangement for all of Europe was considered feasible, desirable, and noble. Psychohistory in our time, might put it this way: von Metternich, Lord Castlereagh, Count Nesselrode (in Russia's service) and M. de Talleyrand were sitting before a rococo fireplace when someone asked: "What shall we do with the Poles?" No one really knew quite what to do with the Poles, even if everyone had ideas about them. Everyone did know, however, that whatever they did, it would always be wrong, doomed to future complications. Finally, someone probably answered: "That's a good question . . ." and a momentous term in the political vocabulary was born.

As a metaphor for a problem which can be neither ignored nor solved, it began to germinate rapidly. Before long, Russia and Austria had a Balkan question, the Turks the Armenian question, and everybody worried about the Jewish question. Common to all questions was the impossibility of answering them simply by doing justice to the abused and showing compassion to the injured. The Holy Alliance conceived in Vienna had programmed history as an everlasting tenure of more-or-less constitutional monarchies administered by benign, but untouchable, aristocracies. People of divergent national cultures were kept within political constructs by force yet expected to revere the emblematic splendors of their decaying dynasties. That frozen hierarchy of values was supposed

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to be the best recipe for peace, growth, and advancement. And this is where the Polish question comes in—as a colossal stumbling block. Of course, subjugation and massacres could have been used to tame the Poles, and they *were* used, chiefly by czarist Russia. As a reaction to the Holy Alliance, a tidal wave of nationalism swept through Europe. The Poles, by dint of their incorruptible national idea and their powerful, romantic poetry, declared themselves the "Christ of Nations," suffering intolerable agonies on the altar of nationalism. Their two bloody insurrections inflamed the collective imagination of entire societies. No lesser people than Garibaldi and Marx declared Polish nationalism the afflatus of Europe. The Polish question became a chronic virus which, in the end, mightily contributed to the disintegration of the order conceived in Vienna.

The rest of the story is well known: in our century, nationalism degenerated into fascism, and Marxism became its strongest counterforce. The Polish question and the legacy of the Congress seemed to have been put to rest with the Treaty of Versailles. Yet history has produced some unexpected happenings. By the end of World War II, the Polish question was once again very much alive. In fact it had become the Eastern European question at Yalta. Contrary to the verbose commentaries in the American press, the *current* Polish question has little to do with nationalism. What happened in Gdansk in 1980 and throughout Poland in 1981 was the reformulation of the Polish question as an updated inquiry into the rudiments of social and moral order. In Gdansk the Polish question was made relevant to anyone on earth who is subjected to this century's primal scourge—the myth of man's deliverance through totalitarian ideas. Thus, the question is now addressed to, and carries an inspirational load for, the whole of mankind.

The Question and Nationalism

The goal of the current Polish struggle, made so dramatically obvious in Gdansk, is systemic independence. This contention dates from 1945. Until then the Poles had fought fiercely for their national independence for 125 years; then, during an interim period between the two world wars, they instituted patriotism as their social shibboleth. When threatened by Hitler with biological extinction, they combated the Germans with a fury that was nationalistic in substance. But when the Russians brought communism to Poland on the points of bayonets in 1945, a different

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confrontation began to hatch, climaxing in the workers' rebellions of 1970, 1976, and 1980.

What others see as excessive Polish nationalism is an almost neurotic desire for grandeur, strongly flavored with patriotic essences. The fulfillment of these yearnings can be found in universal values. Thus, the most euphoric moment in the recent Polish history was the election of the Polish Pope. It was not a chauvinistic outburst of vanity, but a humble bliss that *their* Catholicism, which they had tended and perfected for a millennium had been acknowledged as a salutary remedy for the entire Church at a critical juncture of history. Such ideological *orgeuil* far exceeds mere nationalistic criteria of satisfaction.

Actually, the full history of the Polish civilization shows only occasional nationalistic tinges; before Poland's partition that civilization was essentially determined by religion, federalism, elective monarchy, a tangled and hypocritical democracy of the gentry, the follies of unbound political freedom, the limits of toleration of dissent and difference rather than nationalism, or even patriotism. Social tensions and the melodramas of class distinction were always weighty ingredients of both Polish high culture and folklore. The image of a Pole as someone perennially preoccupied with the fate of his country and the glory of the fatherland was successfully manufactured by the nineteenth-century publicists of the Polish struggle for national liberation. In fact, the *universalism* of Polish endeavors and sacrifices was always the most intimate collective dream of the nation. Therefore, whoever seeks the roots of the modern Polish question in the quandaries of national pride makes a mistake. The Poles* who have created Solidarity as both an idea and a movement see the current Polish question as one which is pregnant with a *universalistic* message and directive.

"The revolution—an eruption of Poland's deep-seated but long repressed nationalism. . ." wrote an American journalist in September 1981. In December of the same year, when the Polish army, long regarded by the American press as a bastion of nationalism, undertook the dirty work for the Soviets we could see clearly that the nature of the confrontation was ideological and not nationalistic. In an article in *The New Yorker* in which an author approached 1,000 years of Polish history with the knowledge of Isaac

*Henceforth the plural, "Poles" will serve as a common denominator for those Poles who are against communism in their country. According to every possible recognition, this group constitutes the crushing majority of all Poles.

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Bashevis Singer's short stories, infatuation with "Polish nationalism" reached an absurdist pitch: "On August 15, 1920...General [sic] Jozef Pilsudski, at the head of a Polish *nationalistic* army held off an invading Soviet Bolshevik force..." (emphasis added). In the mind of this American journalist, anticommunism *must* equal nationalism—a particularly inane and harmful notion. Marshal Pilsudski's *national* army consisted of workers and peasants, social democrats and Catholics; political nationalists, though certainly combatants during the emergency, were always Marshal Pilsudski's sworn enemies. With the same accuracy we might call Eisenhower's forces in Europe nationalistic.

Polish abhorrence of the Russians, which is popularly stressed in the West as the fundamental moving force of the recent rebellion, is actually rather secondary. To be sure, Polish-Russian antagonism, even hatred, has accumulated during centuries of conflict, brutal oppression, and mutual mayhem. Yet what counts now is that Russians today are Soviets, and Soviets superimpose a far worse calamity than their merely national and cultural odiousness—namely a systemic order for how to live which the Poles cannot and will not accept. Any appearance of acquiescence, even the fact that the Polish Communist Party's membership numbers in the millions, does not reflect the processes of thinking and feeling which define the Polish *pays réel*; they only demonstrate the existence of a *pays legal*, a gigantic Patiomkin village as comparable to its eighteenth-century counterpart as a jumbo jet is to a carriage.

If, sometime in the future, the Poles ever do fight the Russians it will not be, as *The New York Times* correspondents would have it, in defense of national symbols or self-esteem. They will fight in defense of their human rights. The remnants of freedom that linger in communist Poland constitute the difference which distinguishes the Poles and *their* history from the Russians and theirs. During the nineteenth century this difference was the spiritual sustenance of the Polish struggle against czarist oppression; it was the mainstay of the Polish fighting spirit. Even the most unenlightened Poles saw in it a title to spiritual superiority which had been mauled by political realities. At the bottom of the Polish contempt for the Russians is the fervent conviction that the latters' indifference to freedom is grounded in their lack of any sense of human dignity. This dearth, the Poles believe, is the element which radically separates *their* culture and *their* concept of existence from the Russians'. It's remarkable how this sentiment has sur-

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vived all the vicissitudes of history and found its way into the contemporary conflict in which—according to Marxian stereotypes—the Russians represent modernity and progress, while the Poles seem to hark to some obsolete and dysfunctional habits of thought. In other words, the Poles reject communism for exactly the same reason the Russians accept it. After all, Dostoyevsky, who hated all things Polish, always accused the Poles of being irresponsible rascals who did not understand the moral purification in unconditional submission: he bitterly condemned the Poles for their arrogant instinct for liberty. Brezhnev thinks precisely the same way.

Yet to absolutize the Polish-Russian detestation as the most valid underpinning of the current warfare is plain silly. Four centuries of Polish-Russian slaughter is far less than the historic French-English vendetta which ended with *Entente Cordiale* when the affinities of related civilizations proved to be of more overriding concern than traditional political loathing. However deeply divided they are in their visions of individual prerogative and social obligation, the Poles and the Russians do have some commonality of ethos. They both have a culturally ingrained belief in goodness and forgiveness as the core of sainthood, and they both tend to equate holiness with wisdom. To each of them the inexpressible longings and the torments of soul are the sources of all art. They respond to each other's poetry and music with an intensity that borders on reverence.

The Question and History

By the end of 1981, in spite of the temporary efficiency of Jaruzelski's crackdown, it became obvious that the Poles—figuratively speaking—had communism as an idea up against the wall. Some things were said aloud, some truths and messages long regarded as unutterable were not only expressed but also seen on TV screens around the world. For the first time since 1917, in a society ruled by communists, a nonanonymous mass movement openly challenged the legitimacy of communist power. One hundred and forty years of Marxian scholasticism suddenly went down the drain. The assertion that communism is an historical conduit to economically better life has been a grim joke since Lenin's NEP and the collectivization of agriculture in the U.S.S.R. When Solzhenitsyn introduced the Gulag to the world's consciousness, it became clear to many that communist power *is* evil, a sort of gangrene of mankind which—if not halted—will bring death to the very notion of civilization. By the time of the

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first grain deal with the West, Russia—the former granary of Europe—had begun to look like an economic theater of the absurd. Yet Hungarians and Czechs who tried to say that openly were declared by Soviet propaganda to be CIA agents—and cold-blooded fanatics and dimwitted liberals in the American press seriously pondered the charge. Then the Poles spoke, and the universe of leftist notions, images, slogans, and talmudism would never be the same. The Marxist-Leninist claim that the mandate for workers' power has been conferred by history upon the Communist Party, the sole representative of the proletariat, suddenly had all the intellectual worth of a commercial. There's a remarkable contradiction, if not a paradox, buried in the heap of popular perceptions about Poles, who have been regularly accused of not keeping pace with history—an alleged reason for the demise of their state at the end of the eighteenth century. In fact, the Polish predicament is that most often they are *ahead* of history—they are sensors of progress to come, premature fighters for unripe causes, stripped of the fruits of triumph by their tiredness and bloodletting. During the entire nineteenth century they perished for the cause of nationalism—the progressive tool for dismantling the remnants of medieval feudalism in Europe. In this century they took on totalitarianism, first by dying to stop the armies of Trotsky and Tuchachevsky in 1920, then by triggering World War II by resisting Hitler. No one ever thanked them for that; in Yalta they became the wretched victims of their historically too-advanced desires. Liberal columnists at that time described the Poles as politically retarded because of their stubborn denunciation of the American-Soviet deal. It was as if eighteenth-century publicists had accused Washington, Jefferson, and Hamilton of missing history's train.

A naive *New York Times* correspondent wrote recently: "It's easy to romanticize the Poles because they are so given to romanticizing themselves. They are masters of the grand dramatic gesture but have problems with more quotidian commitments." This version of Polishness is straight from Ernest Lubitsch movies, a Hollywood exegesis that is willingly swallowed by both liberal dailies and intellectual authorities. Its echoes of the petulant German slogan, *Die Polnische Wirtschaft*, are recognizable. This slogan, coined in the Bismarckian era, justified the robbery of Polish provinces by hinting at the Polish inability to establish a viable and cohesive economy. But in the sixteenth century, when Poland

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was a formidable continental power protected by an internal order, inspiring ideological priorities (the defense of Christendom from the Moslems) and an awesome military machine, the Polish economy was regarded in Europe as proverbially sound. That economic prosperity was frittered away, along with the order, the ideology, and the machine, by the subsequent excesses of civil entitlements and a libertarian mania very much like the "anything goes," or "do your own thing," gospel from the recent American sixties. A pervasive sociopolitical trend, it slowly eroded the Polish *Res Publica* and delivered her to her enemies. Since then, Poland has never had a tranquil half-century to work out an economic reality that would mirror the inventive and dogged industriousness of its people, and their instinct to build and to enrich themselves, which is so markedly recognizable in the material successes of Polish immigrant groups in America and Australia. During the interim twenty years between the two world wars, a briefly free Poland established one of the best railway, mail-delivery, and social-insurance systems in the world (the last was invoked by Solidarity negotiators as the paradigm of fairness even after thirty-five years of communist social justice); and its law-enforcement apparatus was a nearly unmatched example of efficiency. We still read on airline tickets in the U.S. that the international convention, which is the basis of modern passenger air traffic, took place in Warsaw during the 1920s.

Polish civilization never got from the West the esteem so eagerly given to England, France, or Italy. A staunchly, even rigidly, Catholic country, Poland, during the Reformation, became a haven for the persecuted from all over Europe: Scottish Catholics and French Huguenots considered it a displaced persons' paradise. It would be hard to deny the contemptible character of Polish anti-Semitism, which was manipulated by Russian and German imperialist policies. Still, from the fourteenth century on, Polish kings collected Jewish refugees from the entire continent and assured them of rights and privileges which resulted in the largest Jewish community in Europe, within which religious culture flourished and which, in modern times, became the fertile soil for admirable intellectual forces. As a consequence of that medieval tolerance, cultures as diverse as that of Poland and America were enriched by the generations of Jewish thinkers, scientists, and artists. Pre-partition Polish anti-Semitism was both religious and ethnic: yet Chassidism originated in Poland, while the adherents

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of a Jewish schism begun by Jacob Frank (who, in the eighteenth century, converted to Catholicism) could, almost overnight, achieve gentry status, their upward mobility being akin to the dynamics of a Disney cartoon. The Polish criminal scum and political hoodlums, who scavenged on hiding Jews during the Holocaust, perpetrated despicable crimes; but in Israel, in Yad Vashem, by far the largest number of trees of the righteous, in honor of those who saved Jewish lives, bear Polish names.

So Polish nationalism and its spiritual paraphernalia may still be instrumental in marches on the Soviet consulate in Chicago, or it may help a Polish-American politician to stir tempers. But as a cognitive guide to what's been going on in Poland since 1945, it has meager utility. It does not explain the never-suspected Polish genius for turning swords into ideas. It does not probe the new relationship between the electronic global village that the world has become and the Polish proclivity to be ahead of history, messengers of ideas whose time has not yet come. It has little to say about the Polish shift away from the worship of violence to the worship of dialectics. It only allows the western journalist to confuse observation with insight.

To my mind the Poles have fatefully affected mankind's fundamental knowledge twice in history. In the fifteenth century, a Pole of Hanseatic origin reversed humanity's concept of the universe from geocentric to heliocentric—a reversal so complete that it had been unthinkable before Copernicus. In Gdansk in 1980, Marxian absolutism, a sociospiritual yoke under which mankind has been enslaved for almost a century and a half, was torn to shreds. From its incipience, Marxism had been denounced as an inevitable bondage of mind and soul, the antithesis of freedom. One hundred and forty years of refutation by the best intellects of humanity followed. Yet Marxism held a bizarre grip on consciences, surviving countless apostates, Stalin's cynical atrocities, Khrushchev's revelations, and Solzhenitsyn's righteous fury. Then, enter the Poles with history's first anti-Marxian workers' revolution. The ugly face of Marxism-Leninism suddenly was efficiently unmasked; the stigma of its evil was made so visible on TV sets around the globe that the cheapest tabloid now speaks convincingly of communism's demise, and even *Time* could announce with startling precision: "Communism is a failure." The shock to humanity's moral imagination is not yet measurable. But it would be plain silly to credit a local Polish nationalism with the profundity of this historical event.

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The Question and the Ideological Imperative

The gist of the ideological imperative so lacking in the present western civilization is an understanding of the nature of communist power. Eastern Europe has this understanding—the West does not. That is a sweeping generalization, and there are plenty of Finns and Germans who, by now, must have some gut comprehension of what it's all about. Yet for some reason they plug out of the fight, or at least avoid the real heat of it. Their knowledge makes them intimidated and resigned, as are many Eastern Europeans. Somewhere on the outskirts, the Taiwanese and South Koreans have some knowledge (the South Vietnamese understanding is now in vain); but all are of little use, as there are clock radios and shirts coming from South Korea and Taiwan, but no philosophy. Americans have a will to employ their own fabulous research expertise. But they also have an ingenuous tendency to corrupt their findings by a speculative liberal sophistry, which turns all their introspection into mush. So only the Poles and a handful of courageous Russians remain, and they have only guts and, above all, a yearning for ideological and philosophical conflagration *coûte que coûte*. And there must be reasons why this is so.

Students of Russia know that there exists a Russian mystique of power which has been absorbed by the communist ethos and rationale and re-created to its full potential in the Soviet state. Poles, however, suspect that its actual meaning and its omnipresent ramifications are beyond the grasp of even the most acute western observer. Common good, in Russian tradition, is synonymous with the good of the power holder. Regardless of whether the Russian power holder is aware of his crimes—and many were quite lucid and outspoken about them—his opponent is always the embodiment of something worse, one whose annihilation is an act of moral probity. This goes for both domestic and foreign adversaries. Adolphe de Custine, the nineteenth-century French political commentator and connoisseur of Russia, understood that, but Ambassador George Kennan never has, although he must have read Custine. To Mr. Kennan, Russians—their leaders included—are humans just as we are. They certainly are humans, but they are diametrically different from us. The entire Russian and Soviet political tradition is erected on the principle that a lie is not only acceptable but propitious, an agent for rightness and integrity.

Incomprehensible as it is by western criteria, Custine correctly diagnosed the vileness of the power which the Russians extracted

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from Byzantine and Mongol imperial principles. The Russian people have embraced those credenda since the early Middle Ages and have never been uncomfortable with them: they were distilled from a mystical and perverse sense of fatherhood, an idolatry of self-abasement due to the paternal despot, and from the notion of mental serfdom as a supreme virtue. The inherent tyranny of Marxian theories found in the Russian culture a unique incubator. Marxism became a cruel dogma whose functionality for a politics of conquest dwarfed anything mankind had known. Equipped with such doctrinal foundations, every crime becomes an externalization of unique morality; Mafia-like extortionism and patronage turn into apostolate; a political henchman transmogrifies, by the high art of agitprop, into a missionary of holiness; and the crudest cynicism emerges on political posters with a halo of benign wisdom. Stefan Kisielewski's motto—he is a Catholic liberal social philosopher who, during the last thirty-six years, has, more than anyone else, determined the views of thinking Poles—puts the interaction between communism and its Russian heritage into perspective and provides a guide to the nature of communist power.

What the West does not understand—and Eastern Europe does—is that the nature of communist power actually evades everything that history has recorded as routine politics. Poles understand it best, thanks to their age-old intimacy with the Russians. What the Poles know *now* constitutes the contemporary variation of the Polish question. The Polish national ethos still sees political power as service to society and man; nothing could be further, of course, from the Russian/communist concept which sees power as an autonomous entity whose abuses serve man's salvation. What to the West still seems puzzling, and what the Poles have long known for sure, is that the world struggle is not between countries, nations, systems, military machines, economic resources, diplomacies or empires, but between the western idea of man and society and the nature of communist power. By refusing to face and examine the nature of communist power in its full hideousness and in all its dimensions, the West makes World War III all but inevitable.

Who, if anyone, is to blame for avoiding the confrontation which could itself stave off a worse catastrophe? Very few in Eastern Europe doubt that the Soviet conquest of the world will be made possible, if ever, because of something which we may call the American Liberal Mind.

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The Question and the American Liberal Mind

The American Liberal Mind is so highly diversified and contradictory that focusing on its involvement with communism makes any generalization dangerously close to shallow stereotyping. To qualify American liberalism as "soft" on communism would be grossly misleading: there are Trumanesque, Kennedyesque and Johnsonian liberal traditions whose anticommunist credentials are impressive; American unionism can be counted as one of the most formidable anticommunist forces in history. The liberal inability to respond to the communist challenge has little to do with a failure of political nerve: it is more a matter of confused ideological emotions and moral sentiments.

Marilyn Monroe who innocently personified liberal reveries and graces, was once asked by a reporter if she knew about communists. She answered, "Of course, they are for the people, aren't they?" After thirty-six years of communism, to every Pole that is a devilish perversion of reality: he knows that communism is *against* the people, their will, their welfare. Yet the belief that—even corrupted by Soviet imperialism and Castroite adventurism—communism is *fundamentally* an agent for the people's good determines, in some quintessential and intrinsic way, the American liberal *Weltanschauung*. The consequences are disastrous.

This attitude, of course, did not originate in Miss Monroe's day. It goes back to Lincoln Steffens and John Reed, who sired an endless line of liberal "useful idiots," as Lenin called them. Those were the men and women who assured the Soviets of economic and technological help during the 1920s, of cultural support during the 1930s, of political backing during the 1940s, of the subversion of American military power during the 1950s, who provided senseless assistance in the Soviets' imperial expansion of the 1960s and inspired misguided fairness for them during the 1970s. They aided the Soviet Union in achieving its goals in Vietnam, Angola, and the Middle East; they abetted it by demobilizing any American effort to confront the Soviet power on the kind of terms necessary to defeat it. Most of those people, if they were told that they had been used as tools of America's most virulent enemy, would feel offended and hurt. But that's how they are seen by the Poles—in fact, by every Eastern European. A Pole will never understand why public figures, such as Ramsey Clark or Jane Fonda, could promote with impunity the cause of—and fraternize with—those who killed American soldiers in the name of that tyranny which also robbed the Poles of their freedom. An

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American liberal, however critical of Mr. Clark or Ms. Fonda, regarded them as manifestations of independence and idealism. But he would be unable to explain to a Pole why he would heartily condemn Ezra Pound for indulging in the same flirtation with fascists as Mr. Clark and Ms. Fonda had with communists.

Thus American liberalism becomes relevant to the question in an ominous manner: there can be no reconciliation between the Polish mind's craving for justice and the liberal mind's transformation of justice into respect for the apologetics of an idealistic traitor. In the 1940s Lillian Hellman, the Stalinist apologist who somehow became a liberal mentor, watched the Soviets inflict communism on Poland; in one of her spurious autobiographies, she wondered why the Poles were not grateful for their "liberation" from the Nazis and commented on what a backward and bigoted nation they were for not appreciating their historical chance to join the camp of progress. She concluded that it was beneficial for the semifeudal Poles to be shoved into the classless future, even through merciless coercion and the violation of any principle of self-determination. Her reasoning was tacitly adopted by the American liberal as a moral cue for the postwar period. Its deep roots in the collective liberal mind made it possible in 1981 (the year of another atrocity against the Poles) for the entire liberal spectrum to give frenetic acclaim to a movie in which John Reed—the founding father of useful idiocy—is glorified as someone who was just, honest, idealistic and enthusiastic, a proper exemplar for American youth. Small wonder that in the same year the most popular rock record, with millions of copies purchased by American youth, was "Sandinistas." What need of a Soviet ministry of propaganda when American pop culture does the job?

The crux of the mental insult to an Eastern European is the liberal dialectics which presents both the U.S. and the U.S.S.R. as *equally* deficient social and political constructs. This accounts for the fact that while Eastern Europeans merely despise an American leftist, socialist, or communist, they *hate* the liberal. His theorizing, divorced from reality, discounting empirical evidence and the judgments of those who know better, his arid and useless sophistication and scholarship are all considered a menace more subtly deadly than the ravings of a committed Marxist partisan. His misplaced concerns and unintentional philistinism when he pontificates about American greed, ruthlessness, and corruptive vices while speculating about Soviet communism as a globally welcome corrective is, to the 80 million Eastern European slaves

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of the Russian Politbureau, plainly repulsive. To the liberal mind communism is still—after all we have learned about it—a vitiated dream of a better mankind; those who have shattered the dream are guilty only of soiling the ideal. To a Pole, communism is social and moral cancer, and those who rule in its name are scoundrels.

The Eastern European mind is thus unable to comprehend the intellectual suicide daily committed by the American press, universities, and culture at large—the paralyzing falsity and blindness of the liberal vision of the world's affairs, the abdication of comparative logic and functional reason. Has America ever subjugated *any* country by force of arms?—the astonished Eastern European asks the classically simple, Voltairian question. Did Americans invade North Korea or North Vietnam? Did they crush anti-Americanism in Cuba, Angola, Nicaragua? Can the Bay of Pigs be compared with the invasion of Afghanistan or with Marshal Kulikov's recent operation in Poland? To the American liberal these questions are portents of ambivalence. To a Pole the answers have an infuriating clarity. Since Yalta the West has played the Soviet game of words. There could be no better illustration of Stefan Kisielewski's dictum than the *Chicago Tribune's* description of one aspect of Poland's not-too-distant history: "After World War II, communists dominated the election of 1947 and have controlled the nation since then." *Dominated*? There were *no* elections in Poland in 1947, only a sinister hoax called elections by the Soviet and Polish communist press: the balloting was a complete fraud, the voting booths were ransacked by secret police and the West accepted the results. Thirty-five years later the *Chicago Tribune*, a liberal paper, sees nothing wrong with informing its readers that the Poles "elected" the communists. The liberals follow Soviet semantics because they *want* to believe in the dream. Professor Arthur Schlesinger, Jr., speculated not long ago about the nonexistence of a particular disposition center within the communist system. Every cab driver, window washer, and seamstress in Prague, Budapest and Warsaw knows that there is a room in Moscow where it is decided what a San Salvador guerrilla leader will say and what a Dutch peacenik will proclaim on his placard. This is why every Eastern European who was not a Party member prayed for the defeat of North Vietnam. It would have been their first victory over an oppressor they know well, geographically remote but who wore the same uniform as their own jailers.

The most powerful force of contemporary western civilization is the bizarre alliance between leftyism—that is, an array of sub-

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ideologies and political superstitions that blames human miseries exclusively on social conditions—and fashion, wealth, refinement, and material appetites. The American liberal mind accepts leftyism as the mark of basic decency: he is oblivious to the shady subcultures which are leftist and antinomic to the very existence of liberalism. American socialites of the *Women's Wear Daily* stripe will always venerate Che Guevara as a martyr, but they look down on a black police officer slain by the Weather Underground as a tool of reactionaries. The Polish worker's insistence on their rights in Gdansk was antileftist enough to be distrusted: in fact, the Poles made it clear that they see western leftyism as an underhanded and contemptible accomplice in the brutal infliction of slavery upon them.

However, an unexpected anomaly materialized: for the first time within memory a non-leftist cause, the Solidarity movement, became a *fashionable* cause. And this unexpected twist caught both the American liberal and the American leftist off guard. But soon it was too late *not* to extend sympathy to Solidarity: the purity and uprightness of their crusade was so overwhelming that it had to be done. Thus the Poles have forced the American liberal to rethink his penchants and priorities for the first time in this century. Which still does not make him a trustworthy ally.

The Question and the American *Raison d'Etat*

During the Korean War, Poles passing the American embassy in Warsaw used to lift their hats in silent tribute to the Americans fighting communism. Soon detachments of political police began to harass brutally anyone caught making this gesture. The precincts were full of these "criminals," people lost their jobs and often went to prison—all for the expression of a political feeling.

Unfortunately, Americans never drew the proper inferences from this now-forgotten episode. During the ensuing years American diplomacy in Poland ignored the forces of simple, uncompromising anticommunism and concentrated on wooing the schismatics within the communist power structure. This was an obtuse error: factional turbulences do not alter communism. The dime-store Machiavellianism of playing upon differences among communist sectarians was viewed by Poles with derision: they knew that a communist who quarrels with other communists does not become a friend of freedom in return for a State Department grant. It was obvious that Americans were not reliable allies. Then came détente and Dr. Kissinger and his deputy, Helmut

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Sonnenfeldt, who made it clear that America's primary interest was to support the status quo in Eastern Europe and to discourage the captive nations from any efforts to liberate themselves. In other words, he wanted to stifle those whose unrest was America's best ideological and strategic resource.

This was a pity, for if the word *ally* still means anything in our times, some of the only genuine and effective allies the U.S.A. has are the oppressed people who live between the Elbe and the Russian border. A time may come when America will understand that if European civilization means not only the majesty of European culture, but also a burning courage in defense of the most fundamental values of humanness, then Western Europe is no longer heir to the European civilization—Eastern Europe is. To ignore such an ally is political folly.

If, according to Kisielewski, the West is losing the war of words, the Poles do not intend to lose it. The Soviets know that when they say they went into Afghanistan to save it from CIA machinations there will always be someone in the editorial offices of *The Nation* who will insist that there is veracity in such a blatant lie. The Poles were the first to demonstrate, beyond any irrational doubt, that lies are merely lies, nothing more, leaving even the most supercilious fellow traveler perplexed. And the Poles—as well as the Czechs, Hungarians, Romanians—will never stop trying to demonstrate that. They won't ever acquiesce to an order that keeps them in thralldom; they will hammer at the door that shut on them in Yalta just as they did a century ago in the dungeons during the Congress of Vienna. They'll do it for as long as is necessary to trigger a global conflict that would give them a chance. The sons do pay for the sins of the fathers: what Roosevelt bequeathed to us, what we will leave to our children, may culminate in World War III, if those nations are not given freedom in some other way. Poland, its pro-western ardor notwithstanding, owes the West nothing; the West's welfare and tranquility are hardly its concern. Détente, in the Polish mind, is a foolish payment to the Soviets for not talking war, the surest example of how the West has been had. The Poles know that the Soviets won't ever deliberately begin a nuclear war—they fear it and they don't need it. They believe that they will win countless Vietnams and Angolas, and in this way will conquer the planet. Yes, the planet, for, as Andrei Sakharov once said, communist orthodoxy makes it impossible to improve national existence, so the Soviet people are doomed to quest after world domination as a substitute.

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As long as American strategists refuse to find a recipe for turning the aspirations of those who seek the destruction of the East European prison into America's weapon, the historic initiative will be with the Soviets. They know how to manipulate to their advantage even the meagerest revolutionary impulses of puny conspirators in the most negligible countries. Americans do not even seem to know how to make good on such a fount of explosive righteousness as the Polish will to resist and oppose. The politics of appeasement—whether it comes from Roosevelt, Kennan, McGovern, Kissinger, or Sonnenfeldt, whether it is called *Realpolitik* or concern for those who may be hurt in the showdown, is the essence of our shortsightedness. The obsolete misconception that economic aid and the relative prosperity of enslaved societies may result in a milder political climate is *petit-bourgeois* wishful thinking. Any change or reform in communism comes only through political concessions extorted from the rulers through mutinies that *may* originate in economic miseries. America must conceptualize a purely political doctrine which will make the freedom *élan* of captive East European nations one of the cornerstones of its global strategy. In the celebrated movie, *Man of Iron*, Polish workers, crushed and beaten by communist goon squads during the Baltic coast turmoil in 1970, go underground assuring one another: "Till next time. . ." And there will always be a next time in Eastern Europe so long as lie and persecution rule people's lives there. The inability to grasp this simple truth accounts for the bankruptcy of both Roosevelt's Yalta and Kissinger's détente.

The Question Now

Today the Polish question is *not* an internal matter; it is an attempt to cancel the legacy of the outside forces that have decided Poland's fate. When Soviet armies were concentrated on Polish borders in the Spring of 1981, a Solidarity activist was asked by a western reporter whether that mass of lethal armor was influencing the union's decisions. He replied: "On, no, they don't influence us. We influence them. . ." All the magnitude and sophistication of what has become of the Polish question, shorn of its nationalistic fuzziness, is in that simple corrective. Good enough. When Solidarity just voice a possibility of a referendum—that is, an open expression of people's will—Russian-engineered intervention materialized in a jiffy.

Poland may be seen as the breeding ground of the last ideological fires in the service of democracy and freedom. What moves

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minds and masses there are human rights, the rule of law, the equities of political pluralism, the veneration of self-reliance and the principles of democratic economy, and personal responsibility as the only moral and social standard of liberty and of the legitimacy of power. The Poles have seen enough bishops from Canterbury and American presidential candidates embrace Soviet murderers at various "peace" congresses to have developed a healthy disgust for fake humanitarianism and jerry-built progress. But all the requisites of the eighteenth-century struggle for natural laws as the foundation of a social contract, the only precondition for the prospering of human dignity, are very much alive in Poland. Poles have an unfinished business with, indeed, a never-extinguished love for their 1791 May Constitution, a code of democratic and humanitarian propositions and promises whose spirit and ideas surpassed anything known in Europe at that time.

The Catholic Church, seen by Western experts as one of the most potent elements of the current renewal, owes its impact chiefly to its own ideological refurbishment within the scope of the Polish question and Polish modern ethos. During the communist rule the Church has become, perhaps paradoxically, the staunchest ally of the nonconformist Polish intelligentsia, a supplier of arguments to skeptical and refined minds. For the last thirty-five years, prescriptions for mores have mattered less to the Catholic clergy and philosophers than incentives for ethical reasoning. The Church began to produce systems of thought in which Catholic clichés were banned, shallowness of faith was scorned, and preoccupation with conventional schemes of conduct was downplayed. The central directive became the fight against the communist mechanization of man's destiny and condition, a course which produced the spiritual fortitude of a Wyszynski and the intellectual intrepidity of a Wojtyla.

Western experts tend to overlook one endemic aspect of the Polish *pays réel* in a satellite country: the existence of what's called in Warsaw the *milieu*—an amorphous social stratum consisting of intellectuals, specialists, scientists, cultural bureaucrats, artists, scholars, writers and hangers-on. This group was always much larger in communist Poland than in any other "people's democracy" and, early on, in keeping with the traditions of the central-European intelligentsia, it gained a social significance which was quite disproportionate to the status projected for it by Marxist-Leninist theory. In fact, it annexed the prerogatives of an aristocracy of taste and fashion, with all its consequences for a modern

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society stimulated by the communications media. Such groups, of course, exist everywhere in Eastern Europe and in the Soviet Union; by nature, however, and with only a few notable but suppressible exceptions, like a poet or a balladeer, they obsequiously serve the Party as cultural lackeys, always ready to pay for their material well-being. Not in Poland. There the tyranny of intellect and fashion became a whimsical, often bizarre counterbalance to the totalitarian tyranny. Even in Poland, the milieu was admittedly the cradle of some abject conformisms and expediencies, but it also nurtured a certain type of resistance, or behavioral rebellion; it had a cultural clout that shaped reality by means of tolerated extravagance. It was possible only in Poland, where the love of eccentricity among the elites had always been a sign of independence. Some acute American diplomats in Warsaw during the late 1950s and early 1960s tried to attach themselves to the milieu phenomenon: but they always misread its kinky sensibilities and wasted their opportunity to make good on them.

Oddly enough, the milieu fared best under communist leaders like Gomulka, whose personal monastic ethics were somehow not threatened by extending a grudging leniency to the group. In the Gierek era, characterized by the Mafioso-like power of boorish technocrats bent on crude exploitation of the society through gangsterlike machinations, the pull of the milieu diminished. "If you want to know where the real power is located, look where beautiful women are..." wrote a typical representative of the milieu. Until Gierek the beautiful women swarmed around the milieu—their presence was a token of its power. Under Gierek the beautiful women switched to the government circles and their moneyed western business partners who invaded Warsaw and, together with Polish communists, established a rule of bribery and shoddy luxury. During 1981 beautiful women renounced their make-up and styled themselves after crane operators. Something analogous happened to Polish punk rockers: they sang rearranged and rewritten religious hymns.

The Solidarity Union was irrepressible in flaunting its Christian-democratic character, as inimical to Marxism as the circumstances could permit. But the Polish proletariat's sympathy, inclination, even affinity to capitalism has a more rudimentary underpinning—a consuming hatred of communism, a term that has been completely discredited in the Polish working class's consciousness for perhaps centuries to come.

In the free world, some feel disenchanted with Solidarity's per-

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formance under the communist junta's knuckle: many expected a stiffer and more ingenious resistance—hundreds of thousands of passive protesters in the streets. But the Poles achieved their desired goal, the crux of their exertions and yearnings since 1945: they reduced Marxism from a time-honored ideology to its actual contemporary role, a gadget of existential and political subjugation, a utensil of social torture. Their feat—all the sufferings and sacrifices notwithstanding—is of everlasting and universal import. From the nineteenth-century Christ of Nations, they transmuted into the world's critical conscience. Poland, Poles, Polishness are perhaps no longer a question but a message.

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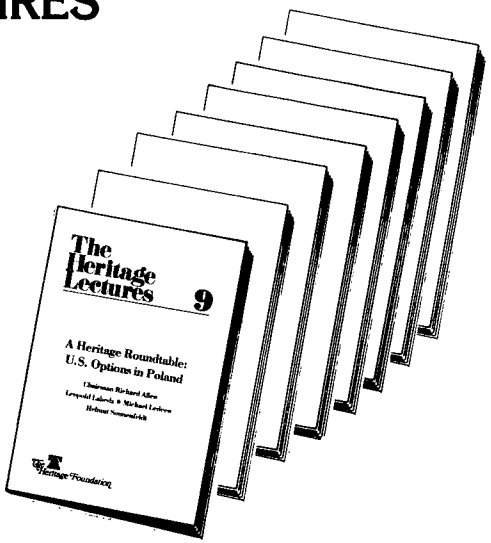

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Myths of Sunbelt and Frostbelt*

RICHARD B. McKENZIE

A recent *Business Week* article sounded an ominous note, a prediction of "a nation divided into regions of haves and havenots."[1] The magazine declared: "While production, population and jobs are booming in the South and West, where energy and high-technology industries abound, they are *plummeting* in the old industrial Northeast and Midwest. So *swift* are the dislocations of labor and capital in the Northeast and Midwest that they are intensifying the social and political problems that high unemployment, urban decay, and eroding political power inevitably cause."[2]

Although the rhetoric is stirring, there is, frankly, little in this statement that is correct. From such journalistic prose, however, monumental myths have been erected. And the casual reader is likely to surmise that the whole of the South and West is prospering, while the whole of the North is rapidly sinking into an economic abyss. Steeped in tales of northern woes, made dramatic by silent pictures of idle plants and interviews with workers distressed by recent news of their own plant's shutdown, the inattentive watcher of nightly television news is likely to agree that "dramatic" government action must be taken to save the northern industrial tier states, that a new "industrial policy" is needed to augment the free play of market forces—in other words, that the times justify denying firms their traditional rights to retrench in production, to layoff workers, and to shut down.[3] Consider the following thirteen myths.

Myth 1: The North is losing population.

The reality of the 1980 census is that the population in the Northeast-Midwest industrial corridor that runs from Minnesota to Maine (except for New York) has remained more or less stable or has grown, although very slightly.

*A column based on this paper appeared in *The Wall Street Journal*, September 8, 1981, p. 34 (ed. page).

1. "America's Restructured Economy: Dislocations that May Deepen," *Business Week* (June 1, 1981), p. 62.
2. *Ibid.*
3. *See* Richard B. McKenzie, "The Case for Plant Closures," *Policy Review* (Winter 1981), pp. 119–134.

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The nub of the concern is that population has generally grown less rapidly in the Northeast and Midwest than elsewhere, reducing the Northeast-Midwest's representation in Congress from 213 to 196 House members.[4]

Granted, during the 1970s nearly two million people left the Mid-Atlantic states, and two-thirds of those migrants left one state, New York. One and a half million people migrated out of the East North Central region. News accounts of these migration flows give the impression that all of these people were whistling Dixie as they left, all-too-eager to get their hands on their first bowl of grits.

The fact of the matter is that the out-migration flow from the Mid-Atlantic states was relatively meager on an annual basis, amounting to about one-half of one percent of that region's 1970 population. Further, many of the people who left the Mid-Atlantic states settled in New England or the East North Central region, and many of the people who left East North Central states headed west to other mid-western states or east to Mid-Atlantic states. Many went south and others went west. Still others returned home from an earlier move north. Many who left the Frostbelt were adults, but many were children. All in all, they were free people doing free things, going where they pleased.

Myth 2: The North is losing jobs.

As a matter of fact, employment in every northern and mid-western state has grown over the last ten or fifteen years—maybe not as rapidly as in the South, but the growth is evident. Even employment in *relatively* depressed states like Ohio and depressed cities like Gary, Indiana, grew during the 1970s, quite slowly and irregularly at about 1 to 2 percent per year.[5] Illinois' total employment grew at a compound rate of 1.2 percent, meaning that total employment grew by about 20 percent during the 1965–1980 period.[6]

In the 1970s, New York, the state with the worst overall employment record, experienced some slight growth in employment (.25 percent per year compounded) in spite of a loss of about 3 to

4. Jacqueline Mazza and Bill Hogan, *The State of the Region: 1981* (Washington: Northeast-Midwest Institute and Congressional Coalition, 1981), p. 10.

5. Based on calculations made from *Employment and Earnings*, various issues.

6. Between 1965 and 1980, total employment in the Northeast grew at a compound rate of 1.06 percent; North Central, 2.00 percent; South, 3.69 percent; and West, 3.97 percent. All rates of growth and decline in this paper are compound rates calculated from trend values for 1965 and 1980.

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4 percent of its population. And because of the growth in the so-called "sub-terranean" economy, which may now exceed $700 billion annually and exists almost exclusively to avoid the narcotics squads and the IRS tax auditors, the recorded growth in relatively high tax northern states is understated.[7]

Without question, manufacturing employment has declined in the Northeast-Midwest, but at less than 1 percent per year—hardly "swift." The "destruction" of northern manufacturing jobs has, generally speaking, been more than offset by expansions in job opportunities in other sectors of the northern economy. Further, although much has been made of the fact that between 1969 and 1976 the North lost about a million manufacturing jobs, little has been said about the rebound in northern manufacturing employment—about 650,000 jobs between 1976 and 1980.

The economic rebound in New England has been so dramatic that observers have referred to the area as the "Sunbelt of the North." In the last few years New Hampshire's growth in manufacturing employment has been on par with the growth of manufacturing employment in my area of the country, Greenville-Spartanburg, South Carolina, touted as a major industrial seedbed. And the growth in overall employment in New Hampshire during the 1965–1980 period was 50 percent higher than in South Carolina. It's not the "low-paid southern serfs" who are "stealing" jobs from New Yorkers; it's those gophers from New Hampshire.

Myth 3: Fifteen million jobs have been lost during the last decade to plant closures, and a disproportionate share of these job losses were in the North.

The picture painted by this statistic, developed by economists for The Progressive Alliance (a conglomerate of 130 union, environmental, consumer, and feminist organizations) is bleak.[8] The statistic makes the private sector out to be an economic black hole; and left dangling by itself in news stories, the statistic is a gross distortion of what has actually happened in national employment

7. The Internal Revenue Service estimated that in 1976 income unreported to the IRS was a minimum of $135 billion and may actually run up to four times that amount, or $540 billion—more than a fourth of the Gross National Product that year. *See* Mortimer Caplin, "Uncovering the Underground Economy," *The Wall Street Journal* (March 31, 1980), p. 20.

8. Barry Bluestone and Bennett Harrison, *Capital and Communities: The Causes and Consequences of Private Disinvestment* (Washington, D.C.: The Progressive Alliance, 1980), p. 59. Although number of "jobs created" is included in their tabular presentations, emphasis in the text is almost exclusively on the "jobs destroyed" in the economy.

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opportunities. During the 1970s, total employment in the United States rose by 20 million, suggesting that (if there were 15 million jobs lost) 35 million jobs were created. Job losses can, and generally do, mean job gains. Many people lose their jobs because their companies are being run out of business by more successful, expanding firms.

Myth 4: The southward and westward trek of northern industry is the source of much of the North's unemployment problem.

Would you believe that according to the best studies available, undertaken primarily at Harvard and MIT, less than 2 percent of all employment losses in the North are attributable to plant relocations, meaning that 98 percent of all northern job losses can be credited to the "deaths and contractions" of northern firms.[9] Less than 2 percent of the South's job gains are attributable to the in-migration of business. The average annual rate of job losses due to plant relocations during most of the 1970s in northern industrial tier states was a mere three-tenths of 1 percent. Can such losses be characterized as "plummeting"?

Myth 5: Most northern firms that relocate move to the South or West.

Wrong again. According to U.S. Department of Agriculture economist James Miller, about 97 percent of the Mid-Atlantic firms and about 94 percent of the East North Central firms that moved during the 1970s stayed within their respective regions.[10] And more than 75 percent stayed within the same state. Most firms move relatively short distances because many of their employees and managers are bound economically and culturally to their regions and because moves are costly: the longer the move, the greater the cost.

Myth 6: The migration of industry is only in one direction, from the North to anywhere else.

Would you believe that would really be the case in a diverse economy? According to a study conducted by Peter Allaman and David Birch in the early 1970s, 118 firms migrated from the Mid-Atlantic to the South Atlantic at the same time that 23 firms migrated in the opposite direction (each flow representing about an

9. Peter M. Allaman and David L. Birch, "Components of Employment Change for States by Industry Groups, 1970–1972," (Cambridge, Mass.: Joint Center for Urban Studies of M.I.T. and Harvard University, September 1975).

10. James P. Miller, "Manufacturing Relocations in the United States: 1969–1975," *Plant Closings: Public or Private Choices?*, Richard B. McKenzie, ed. (San Francisco: Cato Institute, 1981).

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equal percentage loss of their industrial base).[11] I am sure that all of these firms would cite different reasons for moving. In general, they moved because of the economic advantages the new locations provided—and the North has many economic advantages over the South, and that is why so many people live and work there. A major southern textile manufacturer recently moved back to Rhode Island because he felt the wage advantage he once found in the South had largely been eroded by competitive forces; he moved, principally, to employ more highly skilled workers than he could find in the South.

One of the greatest myths that has come out of the Sunbelt/Frostbelt controversy is that *regions*, bounded artificially and arbitrarily by dark lines drawn on a map, somehow have a meaning of their own, independent of the motivations of people. Perhaps, to those who wish to inspire sectional economic warfare and to form political coalitions to play the only game Washington knows—beggar-thy-neighbor—geography matters. But, to most of us out here in the hinterlands who wish to make the best living we can, geography, *per se*, matters little. What matters is people and what they want. When contemplating a move, most of us think little of the imaginary Mason Dixon Line; we think, mainly, about the costs and benefits of our decision, regardless of whether they leave us in Texas or New York. New York is relatively depressed these days not because it happens to be in the Frostbelt (remember New Hampshire is even further north), but because for many prospective firms, costs of production and taxes have gotten out of line and now exceed the benefits of locating and expanding in New York. New York has operated as if there were no alternatives—as if it were the only place to be, regardless of the costs.

Myth 7: The North has been economically buried by a rash of plant closings unequaled in other parts of the country.

John Hekman and John Strong, in the *New England Economic Review*, report a different reality: The Sunbelt, generally, has had a slightly higher rate of plant closings than the Frostbelt (33 percent versus 30 percent).[12] Further, many Sunbelt cities like Houston, acclaimed for their prosperity, have experienced a higher rate

11. Allaman and Birch, "Components of Employment Change."

12. John S. Hekman and John S. Strong, "Is There a Case for Plant Closing Laws?" *New England Economic Review* (August 1980); also included in *Plant Closings: Public or Private Choices?*

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of plant closings than Frostbelt cities like Boston.[13] Certainly, the North has experienced many more plant closings than the South, but that is in part because the North has far more plants than the South.

Plants close for a variety of reasons. Firestone closed its Dayton Tire facility because many people no longer want bias ply tires, which the Dayton plant produced. Consumers have demonstrated, by their purchases, that they want more reliable, fuel-efficient radial tires. Butte Knit Industries recently closed a factory, employing 1,200 workers, outside Spartanburg, South Carolina, because consumers no longer care for double-knit clothes at the prices Butte would have to charge. Other firms close simply because they cannot keep up with the competition in terms of meeting prevailing wage rates or product prices. Of course, competition is "destructive," as the opponents of capitalism ardently maintain, but it is "creative destruction," a process whereby consumers get more of what they want at more favorable prices. Plant closings may just as well signal a growing, dynamic economy as a dying one. It is very interesting that we hear little of plant closings in the Soviet Union or Communist China. We hear only of bread lines, shoddy products, and empty shelves.

The North's major economic problems appear to center not so much on plant closures but on the absence of plant births and plant expansions. Recognizing that fact, we are led to wonder what it is about policies internal to the North that are stifling business "creativity," choking off the flow of new capital and the emergence of new firms. People in the North, not Washington, will ultimately have to answer that question. Regional prosperity in the long-run will depend on the "roll-over" of capital, not on restrictions on closures.

Myth 8: The relative growth in employment in the South is critically dependent upon the in-migration of large manufacturing plants from the North.

New manufacturing plants, especially "large ones" (those with over 500 workers) moving into North and South Carolina are typically accompanied by considerable media fanfare, including news conferences hosted, on occasion, by the respective governors of the two states. From resulting news stories people everywhere probably believe that the growth in jobs of the Carolinas would

13. David M. Smick, "What Reaganomics Is All About," *The Wall Street Journal* (July 8, 1981), p. 26.

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rapidly wane if it were not for the influx of "big businesses" from the Frostbelt. However, appearances are deceiving. A study of the movement of new industrial plants into the Carolinas undertaken at Clemson University paints a picture grossly at odds with common perceptions: The jobs created by the in-migration of "large" industrial plants from the whole of the Frostbelt (including the New England, Mid-Atlantic, East North Central, and West North Central regions) during the entire decade of the 1970s represented a scant .7 percent of the Carolinas' 1980 total employment.[14] The vast majority (80 percent or more) of jobs created in the South, as well elsewhere, is dependent upon relatively small firms.

Myth 9: The North has experienced a higher rate of worker layoffs.

That isn't true either, at least, over the long haul. According to Robert Premus and Rudy Fichtenbaum at Wright State University in Ohio, the layoff rate over the last two decades has been significantly lower in the North (1.45 per hundred) than in the rest of the country (1.60 per hundred).[15]

Myth 10: Income in the North is plummeting, leading to reduced tax bases for northern states and communities.

Restricted growth in worker productivity and income is a serious problem nationwide. However, in spite of higher taxes and an onslaught of government regulations, real personal income per capita has continued to climb in the North, although at one-half or less the growth rate experienced in the South and West. Because of lower growth in personal income, northerners have experienced a decline in their *relative income*. In other words, they no longer have twice the income of southerners, but only, maybe, 15 or 25 percent greater incomes. Furthermore, taxes have continued to climb through legislated increases in tax rates and through inflation-induced "bracket creep." Nationwide, the after-tax purchasing power of the median income family fell by $467 between 1971 and 1981. What people are probably concerned about is that the tax base of government *has* expanded, leaving them with more work and less to show for it.

14. Richard B. McKenzie, "New Plant Employment Gains in North and South Carolina during the 1970s" (Clemson, S.C.: Economics Department, Clemson University, 1981).

15. Robert Premus and Rudy Fichtenbaum, "Labor Turnover and the Sunbelt/Frostbelt Controversy: An Empirical Test," *Plant Closings; Public or Private Choices.*

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Myth 11: Through out-migration, the North is being stripped of its highly skilled workers and is being left engorged with low-income, welfare cases.

In the first place, the South has historically had a higher incidence of poverty than the Northeast, and the poverty rate in the south is still about one-third higher than in the North. In addition, a disproportionate share of those migrating into the South over the last decade has been low-income, unemployed workers and their families.[16] This is especially true if the legal and illegal Mexican, Cuban, and Haitian immigrants are counted. One would expect the low income and unemployed to move where opportunities are relatively more abundant—just as the skilled workers do.

The North has an unemployment problem partly because many of its workers are paid relatively high wages to compensate for unstable employment in cyclical industries. Moreover, unemployment is no longer the burden it once was. Unemployment compensation has, over the last two decades, grown in real terms but has remained steady relative to worker wages (in the range of 35 to 37 percent). However, given our inflationary history and the

16. I wrote in another publication,

Now, the new wave of outmigration from the North of course includes many highly educated and skilled people; but the proponents of restrictive legislation [on plant closings] greatly exaggerate the quite undramatic facts. For instance in the 1975–1977 period substantially more unemployed male workers moved from the Northeast to the South (23,000) than from the South to the Northeast (14,000), and virtually the same pattern held for unemployed female workers. The Northeast also exported more unemployed workers to the West than it imported from the West.

Other considerations are equally revealing. Far more people below the poverty line migrated from the Northeast to the South (133,000) than vice versa (39,000) in the 1975–1977 period. (Much the same can be made about the migration of low-income people between the Northeast and West.) In addition, while more people with one or two years of college migrated from the Northeast to the South (151,000) than from the South to the Northeast (102,000), those with *some* college education were a significantly greater proportion of the southern migrants to the North (56.3 percent) than the other way around (40.3 percent). (The same cannot be said about the migration of college-educated people between the Northeast and the West.) In short, it simply is not clear that the South or the West is receiving from the North a disproportionate number of highly trained, high-income people. Some—but no tidal wave ["Frustrating Business Mobility," *Regulation* (May/June 1980), p. 35].

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forces of "bracket creep," the spending power of the unemployed has risen faster, relative to the spending power of the working population, than the growth in dollar payments indicates.[17]

According to Rex Cottle, an economist who has studied extensively the effects of unemployment compensation and welfare benefits, unemployed workers react like workers in most other labor markets.[18] If worker wages are raised in an industry, more people will take up that occupation. Similarly, if the benefits—or "wages"—for being unemployed are raised, you will find more people willing to take up that occupation—the occupation of being unemployed. One of the reasons the unemployment rate is higher in the North relative to the South is that states in the North tend to pay a higher "wage" for being unemployed. Illinois' average weekly unemployment compensation is 42 percent higher than in South Carolina. Pennsylvania pays 35 percent more in average weekly benefits than South Carolina.[19] Again, the problems of the North are, at least, partially of the North's own making.

Myth 12: Defense expenditures are concentrated disproportionately in the South and Southwest, creating a gross disparity in the growth rates between those regions and the North.

Texas Congressman Charles Wilson was probably correct when he recently lamented that the "whole world believes we get 90 percent of the defense contracts in the country."[20] While the West gets a large "hunk" of the defense dollars, it is pure nonsense that the South has raped the government of defense dollars. John Rees at the Center for Policy Research at the University of Texas in Dallas has found that during much of the 1970s, the "manufac-

17. People on unemployment compensation do not pay taxes on their benefits. Hence, when inflation pushes working people up into higher and higher current income brackets, their tax rates are increased (there is "bracket creep") and the *relative* spending power of unemployment workers on unemployment compensation rises.

18. *See* Rex L. Cottle, "Unemployment: A Labor Market Perspective," *Journal of Labor Research* (Fall 1980), pp. 231–244. Cottle estimates that for the country as a whole, a $1 increase in the national average weekly unemployment check will add approximately 390,000 people to the unemployment roles for at least one week. Those already on unemployment compensation will stay on the unemployment roles longer.

19. The relative compensation figures are for 1979, the latest years for which data are available. See *Statistical Abstract of the United States: 1980*, p. 350.

20. Christopher Bonner, "Sun Belt Congressmen Form 'Defense' Lobby," *Greenville (S.C.) News* (June 26, 1981), page unavailable.

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turing belt" of the North, while encompassing one-quarter of the nation's population, got more than one-third of defense dollars allocated for "prime contracts."[21]

The South and Southwest, on the other hand, had one-third of the population and received a little over 20 percent of prime contract dollars. Of the five largest receivers of prime defense contracts, three prominent northern states stand out, New York, Connecticut, and Massachusetts—and all three lost manufacturing jobs during the 1970s. Furthermore, it should be noted that not all prime contract dollars are spent in the state or region in which they are received. Many of the dollars allocated to Texas end up in New York and vice versa. On balance, for most of the 1970s, the northern manufacturing belt received nearly 50 percent of the subcontracted dollars whereas the South and Southwest wound up with 12 to 15 percent.[22]

Myth 13: Since many federal grants are allocated on the basis of formulas that include a population factor, the shift in the population from the North to the South and West, reflected in the 1980 census, will mean dramatic regional shifts in federal grant money.

John Goodman, at the Urban Institute in Washington, reasons that there will be some shifts in the regional allocation of federal funds, but for several reasons the shifts are not likely to be as dramatic as one might suppose.[23]

First, many of the grant formulas devised during the 1970s were based not on 1970 census, but on population estimates for the year the formula was devised.

Second, grants are often allocated on the basis of offsetting variables, like population and income levels; the South, which has experienced a relatively high population growth rate, has also experienced relative increases in income.

Third, only a small portion, say 20 percent, of many programs subject to grants are allocated on the basis of formulas; there is, in other words, a great deal of room for bureaucratic discretion that is not easily predicted.

And, fourth, many grant programs have minimums and maximums, which will restrict the reallocation of funds.

21. John Rees, "Manufacturing Change, Internal Control and Governmental Spending in a Growth Region of the USA," *Industrial Change*, F.E.I. Hamilton, ed. (London: Longman, Ltd., 1979), pp. 155–174.

22. *Ibid.*

23. John L. Goodman, Jr., "Federal Funding Formulas and the 1980 Census," *Public Policy* (Spring 1981), pp. 179–196.

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What the North must be concerned about is the shift in the political power. As noted earlier, the Northeast-Midwest congressional coalition has lost seventeen seats in Congress. The Northeast knows what political power means; its congressmen recently (before the reapportionment of seats) engineered a change in the formula for economic development grants to favor large industrial centers, concentrated, as they are, in the Northeast. The South and West may very well use their newly acquired political muscle to change the formulas in the future and, in that way and to that extent, augment the flow of federal dollars at the expense of the Northeast—to do to the North what the North has, perhaps, done to other regions in the past.

In summary, the Frostbelt has some serious economic problems. For that matter, the whole country has serious problems. We are in the midst of a recession that may get worse. However, to a considerable extent the Sunbelt/Frostbelt confrontation is built on modern regional mythology, reflecting what has been called Newton's "third law of journalism": For every adverse economic action, there is an opposite overreaction by the media. Nonetheless, the myths that have been recanted have caused many observers to conclude that we need a new migration policy to control and redirect the migration patterns of people across this nation; that we need a new industrial policy (euphemistically termed a "reindustrialization policy") to restrict disinvestment, to control reinvestment, and to direct new investment across regions; and that we need an array of new federal social initiatives to compensate regions and states for "migratory redistribution."[24]

We must be skeptical of the arguments put forth for two principal reasons. First, people everywhere should realize that when northerners seek more federal dollars to relieve themselves of their own self-imposed tax burden, they will naturally accentuate the negative, contorting reality into modern mythology.

Second, when objections are raised to the movements of people and capital across state and regional borders, those objections are, in reality, objections to a free people doing free things. Those who object are imaginative people: They imagine that people can and

24. For a very good example of the type of justification given for new forms of control over people and capital migration, *see* Peter A. Morrison, "America's Changing Population: Demographic Trends," *USA Today* (September 1981), pp. 20–24.

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should be herded about like cattle, prodded with an array of governmentally contrived inducements and penalties. They somehow imagine that the regional movements of people and capital can be controlled and redirected without, at the same time, divesting the general population of their basic freedoms and investing in others —the few who govern and make policies—the power of coercion.

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Sex According to Social Science

ALLAN C. CARLSON

Social scientific inquiry into family life and structure had few policy consequences in the western world until two Swedish researchers, Alva and Gunnar Myrdal, took up the subject in the early 1930s.[1] Their principal concern focused on the sharp decline in Sweden's birthrate which had set in around 1900 and fallen to 13.4 per 1,000 persons in 1933, the lowest figure in recorded history and well below the "replacement" level. Swedish conservatives, frantic over the threatened "sterility" of the nation, toyed with policy responses that might increase the ease and attractiveness of family creation. Yet for the most part, they came to view the situation with resignation, finding it a cultural phenomenon not amenable to political intervention.[2]

The Myrdals countered, however, that a comprehensive sociological analysis of changes in and pressures on the family could guide the creation of an effective family policy. The problem, they insisted, was overcoming the irrational biases invariably brought to the family problem. Fortunately, when based on "human oriented" values freed from "institutional and cultural constraints," sociological inquiry would lead to a "natural marriage" of the correct technical and the politically radical solution. Contemporary family breakdown, Gunnar Myrdal stated, reflected the lag of a social institution behind changing reality. When aligned with positive political intervention, the radical symmetry of the social sci-

1. Actually, Alva Myrdal's academic training was in literature; Gunnar Myrdal's in law and economics. It was their receipt of joint (Laura Spelman) Rockefeller Foundation fellowships for the 1929–30 academic year which brought them to the United States and exposed them to "progressive" doctrines and modern research techniques in early childhood development, family sociology and demography. This experience culminated in their 1934 book on Sweden's population question.

2. See the series of articles from *Svensk Tidskrift* by economic historian Eli Heckscher, reprinted in Gustaf Alegård, *Befolkningsfrågan genom tiderna* (Stockholm: Albert Bonniers förlag, 1926), pp. 79–86; and Gustav Cassel, *Liv eller död* (Stockholm: Albert Bonniers förlag, 1935), pp. 191–96.

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ences offered the path to a restoration of social harmony and family stability.[3]

Searching for the cause of the birth decline, Gunnar Myrdal wrote elsewhere, was wasted effort. "The spread of birth control is . . . no isolated development which can be placed in connection with . . . a certain complex of causes, but rather an integrated part of society's whole evolution" which could be understood only by a comprehensive sociology. Even if one succeeded in finding specific causes, he added, it did not follow that policy remedies ought to focus on them. "These might not be amenable to change. Or one might not want to try changing them." Instead, sociologists ought to be free to construct policy measures *unrelated to cause* which might then create "a new complex of effects" producing in turn the desired results.[4]

The liberation of social science from institutional, cultural, and historical constraints implied a materialistic understanding of social change, and this was a step the Myrdals willingly took. "Morals are essentially a function of institutions and not the opposite," they wrote in the major 1934 work on the subject, *Kris i befolkningsfrågan*, "[a]nd institutions are in turn . . . a function of total social development which is propelled by technology." Moral order, they insisted, could not be regained through an attempted restoration of increasingly discarded Christian principles; it would come only when the family was restructured to meet mid-twentieth century realities.[5]

The Myrdals proceeded to gather sociological research results showing significant correlations between the number of children per Swedish family and high levels of poverty, unemployment, and poor nutrition. On this basis, they concluded that children were the chief contemporary cause of poverty. A choice between poverty with children or a better living standard without children was the socially imposed dilemma that young couples faced. The presumed harmony between the individual's private interest and society's general interest—the message of classical liberalism—

3. Gunnar Myrdal, "Socialpolitikins dilemma," *Spektrum* (No. 3, 1932): pp. 1–13; and (No. 4, 1932): pp. 13–31.

4. Gunnar Myrdal, "Några metodiska anmärkningar rörande befolkningsfragan innebord och vetenskapliga behandling," in Statens Offentliga Utredningen 1936:59, *Betänkande i sexualfrågan* (Stockholm, 1937), pp. 149–58.

5. Alva and Gunnar Myrdal, *Kris i befolkningsfrågan* (Stockholm: Bonniers, 1934), p. 288.

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had broken down over the birth of children. It would not re-emerge from the play of natural forces.

Instead, the Myrdals argued that a comprehensive family policy was needed to remove the living standard penalty imposed by children on their parents. This policy would include sexual policy reforms—free access to contraceptives, universal sex education, and a somewhat liberalized anti-abortion law—as a necessary accommodation to the modern reality of voluntary parenthood. Given the birth decline's presumed relationship to total social evolution, a viable policy response also mandated a sweeping reordering of Swedish national life, including central economic planning, guaranteed family incomes, full employment policies, agricultural price supports, tax deductions for families with children, a new tax on singles and the childless, rent and housing allowances for families, "cost free" health care and school lunches for all children, food subsidies, state subsidized day care centers, and maternity allowances. A positive family policy, the Myrdals added, would recognize the "naturalness" and "irreversibility" of women standing beside men as "comrades" in productive labor, the necessity of some collectivization of early childhood care and education, and the need for a reoriented educational system that would shape each generation to take its place "in a social order undergoing continuous change." In this manner, the birthrate decline would actually be transformed "into the most effective argument for a radical socialist remodeling of society."[6] Such an approach, the Myrdals insisted, would allow young couples to marry freely and voluntarily bear a "normal" family of two to five children.

Progressive scholars praised the Myrdals' book for its awesome sweep, its bridging of conservative and socialist concerns, and its "clear, unhindered, actively creative and multifaceted social scientific content."[7] Their program, with modest changes, was eventually adopted by the ruling Social Democratic Party and, as reinterpreted through the work of two government study commissions, effectively implemented by 1948.

Sweeping Influence

The influence of the Swedish model extended to Denmark, Norway, and Great Britain during the late 1930s. In the latter

6. *Ibid.*, p. 117.

7. See Alf Johansson, "Kris i befolkningsfrågan—I," *Social Demokraten* (Stockholm), December 13 1934.

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country, it drew the admiring attention of two left-leaning think tanks—the New Fabian Research Bureau and P.E.P. (Political and Economic Planning).[8] An opportunity to influence policy came in 1944 after British conservatives had pressured the wartime government to appoint a Royal Commission on Population to investigate Britain's declining fertility rate. John Allsebrook—Viscount Simon, royal cousin, and Lord High Chancellor—was named chairman of the panel. Yet its specialist research committees were dominated by social scientists such as D. V. Glass and A. M. Carr-Saunders who were sympathetic to the Swedish model and guided the investigation in a similar direction. Significantly, Alva Myrdal was called as a personal witness before the Commission in March 1945 and became the one person individually acknowledged in the preface to the panel's final report. Increasingly perplexed over the Commission's drift, Lord Simon resigned his chairmanship in May 1946, to be replaced by Laborite Sir Hubert Henderson.

Basic methodological themes found in the panel's 1949 report—while cast in relatively benign language—paralleled the Swedish experiment. Concerning the causes of deliberate limitation in family size and spreading childlessness, for example, the British report cited a series of factors ranging from the decay of small handicrafts, the rise of factory organization, and the relative decline of agriculture to the triumph of science over religion and the spread of popular education. "All these and other changes are closely interrelated; they present a complex web, rather than a chain, of cause and effect."[9] Causation remained deeply buried within the whole of social and economic development, where only a comprehensive sociological analysis could unravel its mysteries.

Nonetheless, the Commission cited two "necessary assumptions" for its analysis and recommendations. "[We] must rule out any measures," it declared, "that would tend to impede the spread of voluntary parenthood or to restrict the freedom of women." The panel cited the widespread use in Britain of contraceptives,

8. Resulting published works included D. V. Glass, "Population Policy," in Margaret Cole and Charles Smith, editors, *Democratic Sweden: A Volume of Studies Prepared by Members of the New Fabian Research Bureau* (London: George Routledge & Sons, Ltd., 1938); and P.E.P., *Population Policy in Great Britain* (London: Political and Economic Planning, 1948).

9. Royal Commission on Population, *Report* (London: His Majesty's Stationery Office, 1949), p. 38.

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adding that "this fundamental—and momentous—adjustment to modern life has to be accepted as the starting point for consideration of the probable future trend of population." And it argued that public policy must assume "that women will take an increasing part in the cultural and economic life of the community and should endeavor, by adjustments of social and economic arrangements, to make it easier for women to combine motherhood and the care of a home with outside interests."

As a guide to future state attention, the panel posited the argument that "children are a major cause of hardship," citing in particular social surveys from the 1930s that brought out "the relationship between children and poverty." The Commission concluded: "We believe that the instinctive desire for family . . . may be relied upon, *given reasonable social conditions*, to ensure that families will be of sufficient size to replace the population from one generation to another. *The problem is to create those social conditions* . . . ."[10] With this mandate of unlimited proportions, the Commission outlined a series of income redistribution, housing, health, welfare, and opinion-shaping programs that would create social conditions which in turn would reverse apparent trends of family decay and population decline.

Errors in Logic

Despite the intellectual attractions of creating a comprehensive scientific response to family disruption, the logical errors underlying the Swedish and British efforts are glaring. To begin with, freeing social science research from the restraints of custom and causation does not result in a rational, value-neutral model. Instead, it leaves a vacuum to be filled by other values or assumptions. More dangerously, such a separation also cuts policy formulation off from its one tenuous link to reality and concurrently opens the whole human experience to state manipulation in the pursuit of an abstract social goal. Britain's Population Commission, for example, made free access to contraceptives and a varying form of "freedom" for women their base assumptions; worthy goals, perhaps, but according to a number of commentators also the causes of the very problem under investigation. In any case, they were not value-neutral propositions. The Myrdals, for their part, blasted school curriculums based on an individualism rele-

10. *Ibid.*, pp. 135-51, 160-62.

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vant only to the "already disappearing...private capitalistic epoch," and called instead for a program resting on cooperation, group work, and common planning.[11] Similarly, while they used the word "family" to imply the "nuclear" model embodying such sentiments as love, security, privacy, and trust, they also dismissed the "little" middle-class family as "rootless," "isolated," "almost...pathological," and doomed to "disintegration and sterility" and called for the creation of a family form more compatible with the modern age. They suggested elsewhere that the "tiresome pathos" defending "individual freedom" and "responsibility for one's own family" was often based "on a sadistic disposition to extend this 'freedom' to an unbound...right to dominate others."[12] Needless to say, these were not self-evident, rational conclusions; but rather the substitution of one ideological normative standard for another.

Second, the rejection of objective morality as a constraint on policy formation freed social engineers to pursue their rationalized goals through unlimited, and potentially terrifying, means. The equation of children with "hardship" and "poverty," for example, has in the absence of set values been interpreted two ways: as an incentive to improve their life situation; or as a justification for ending their probable misery before (or even after) they are born. Similarly, while the Myrdals did affirm in their book the genetic equality of all Swedish population groups, they also described a genetically "inferior"[13] substrata within the population, including the insane, the mentally ill, the genetically defective, and persons of bad or criminal character. Since the state would be called upon to support hereditarily damaged children, the Myrdals concluded that the state had the right and obligation in limited cases to force sterilization on individuals. Cautiously framed words, it is true; but a dangerous Pandora's Box left wide open.[14]

Finally, the advocates of scientific family policy were the victims of history. From the perspective of the early 1930s, Swedish and British birth rates and family life did seem headed for further decay. In retrospect, 1933 proved to be the low point in the demographic transition brought on by Sweden's modernization, where

11. Myrdal and Myrdal, *Kris i befolkningsfrågan*, pp. 262–67.
12. *Ibid.*, pp. 295–317.
13. *mindervärdighet*
14. Myrdal and Myrdal, *Kris i befolkningsfrågan*, pp. 217–26.

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the birthrate followed the mortality rate in readjusting to a lower, modern balance. Without benefit of family policy, Sweden's fertility level began drifting upwards during the mid-1930s and climbed dramatically in the latter part of the 1940s. The same phenomenon occurred in Great Britain. Events outran analysis and political response.

U.S. Family Policy

The evolution of the family policy concept in the United States is more complex, yet the involvement of social scientists once again generated a common set of methodological problems. By the late 1940s, the essential components of a native-born American "family policy" were already in place, although no one thought to call them that. The personal exemption from federal income tax, for example, was set at $600 in 1948, a figure that by conscious design removed the vast majority of families with two or more children from significant income tax liability. Federal housing programs in the 1945–65 period also promoted a suburban "nuclear" family ideal. Through VA and FHA mortgage insurance programs, the development of federally-funded financial institutions supporting home mortgage markets, and continuation of the tax advantages for home ownership, the construction of single family dwellings mushroomed. As Nathan Glazer has remarked, housing policy in the 1950s both "reflect[ed] tendencies in family life" and "push[ed] those tendencies further." Yet, he added, "there is no question this is what the family—for the most part—wants." By 1960, 70 percent of all U.S. housing units were single family dwellings, with another 6 percent single-family attached.[15] Similarly, U.S. military pay schedules were partially related to family size, essentially representing a family allowance program. The Social Security system presumed the general existence of intact marriages, skewed benefits accordingly, and provided widows' pensions and AFDC allowances to broken families. Numerous other examples of federal and state policies which concurrently assumed and supported the family unit could be cited.

While not suggesting a direct cause-and-effect relationship, it is undeniable that American family life—measured by traditional norms—blossomed through the 1950s. The divorce rate hit a war-

15. Nathan Glazer, "Housing Policy and the Family," *Journal of Marriage and the Family* (February 1967), pp. 148–50.

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induced high in 1946, fell sharply in 1947-48, and sustained a gradual decline through the 1950s. Marriage and remarriage rates rose in this period, as did the fertility rate and average family size. The mean number of children born to white, college-educated women, for example, doubled in the 1950s when compared to that of similarly situated women in the 1930s.[16] Referring to federal housing policy in the 1950s, Anthony Downs stated that the "relatively favorable environment for family life was one of the factors that generated record levels of new babies" during the period.[17] While an ever-increasing proportion of women entered the labor market, family formation and fertility continued at high rates. One puzzled researcher was forced to conclude that "American wives may have entered the labor force as a means of raising the status of their family rather than as a means to raising [sic] their own status."[18]

Recognizing a trend, most American social scientists shifted into an upbeat mood. In 1958, two predicted that evident movement in the U.S.A. toward bureaucratic organization and enhanced economic security would further "lower the rate of divorce and separation" and "raise again the criteria of competence and the gifts of homemaking to renewed importance in the choice of a marriage partner."[19] Giving interpretive leadership to his whole profession, Harvard sociologist Talcott Parsons viewed the "basic and irreducible" functions of the family as the primary socialization of children and the stabilization of adult personalities in society, the combination of which explained why, in the "normal" case, "it is both true that every adult is a member of a nuclear family and that every child must begin his process of socialization in a nuclear family."[20] The complex elaboration of sex roles, he wrote elsewhere, was "functionally related to maintaining family

16. Arthur A. Campbell, "Changing Patterns of Childbearing in the United States," in *The Family in Transition* (Washington, D.C.: U.S. Government Printing Office, 1971), pp. 175-85.

17. Anthony Downs, "The Impact of Housing Policies on Family Life in the United States Since World War II," *Daedalus* (Spring 1977): p. 168.

18. Jeanne Claire Ridley, "The Changing Position of American Women," in *The Family in Transition*, p. 325.

19. Daniel P. Miller and Guy E. Swanson, *The Changing American Parent: A Study in the Detroit Area* (New York: John Wiley and Sons, Inc., 1958), p. 201.

20. Talcott Parsons and Robert F. Bales, *Family Socialization and Interaction Process* (Glencoe, IL: Free Press, 1955), pp. 16-17.

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solidarity in our class structure," while the nuclear family structure dominant in America both minimized interference with the free functioning of a capitalist economy and maximized occupational mobility and productive efficiency.[21] Professional journals bulged with articles confirming the value and success of the American family model. The euphoria even touched Alva Myrdal, who authored a 1956 book, *Women's Two Roles: Home and Work*, representing a remarkable affirmation of women as housewives and mothers and particularly emphasizing maternal responsibility for child rearing.[22]

The Moynihan Report

The 1960s, however, saw a dissolution of what might be called the Parsonian consensus. One group of young social scientists exemplified by Nathan Glazer and Daniel P. Moynihan, while generally affirming the validity of Parsons' analysis for the white majority, pointed to black Americans as a special and forgotten case. Meanwhile, a second and larger group of social scientists began flirting with an array of hostile ideologies newly stirring in this country. The open clash of these groups came in 1965 over the so-called Moynihan Report. This famous controversy deserves another brief look, for it marked a basic turning point in the application of social science to the family.

Mr. Moynihan had brought to his Administration post of Assistant Secretary of Labor for Policy Planning and Research a strong scholarly and personal interest in family policy. Its roots were twofold. As a Roman Catholic, he clearly admired the social encyclicals of Popes Leo XIII and Pius XI which had affirmed the "family wage" as a matter of social justice.[23] As a social scientist, Mr. Moynihan was deeply impressed by the Swedish experiment

21. See: Talcott Parsons, "An Analytical Approach to the Theory of Social Stratification," in *Essays in Sociological Theory* (Revised Edition) (Glencoe, IL: The Free Press, 1954), pp. 79–80; and *Structure and Process in Modern Societies* (Glencoe: The Free Press, 1960), p. 229.

22. Coauthored with Viola Klein (London: Routledge & Kegan Paul, 1956).

23. Mr. Moynihan frequently pointed to the "family allowance" systems found in France and Belgium which had emerged among private industrialists in the latter half of the nineteenth century and—under the prodding of the Catholic trade unions—had been universalized and brought under state regulation between 1910 and 1940.

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in family policy. He referred often to the book, *Nation and Family*, Alva Myrdal's somewhat de-ideologized, 1941, English language version of *Kris i befolkningsfrågan*, and would later oversee its reissuance by the M.I.T. Press.

Imperfectly combining both approaches, Mr. Moynihan guided the preparation of an internal government report, *The Negro Family: The Case for National Action*, embodying a revolutionary new strategy for dealing with the "post-civil rights" phase of "the Negro Problem."[24] Viewing the family as the basic unit of American life, Mr. Moynihan argued that the mass media and development of suburbia had "created an image of the American family as a highly standard phenomenon." In consequence, out of a pluralistic background, Americans were indeed "producing a recognizable family system." The white family, he stated, had now achieved a high and increasing degree of stability. "By contrast, the family structure of lower class Negroes is highly unstable, and in many urban centers is approaching complete breakdown." Mr. Moynihan outlined the "pathologies" of urban black family life, including divorce, desertion, female-headed families, and illegitimacy and described the resulting "tangle of pathology" found in the urban ghetto. He presented a large body of evidence showing the critical importance of a father-in-the-home to a child's educational achievement and upward social mobility. "Negro children without fathers," he concluded, "flounder—and fail." While avoiding specific proposals, Mr. Moynihan argued that federal programs should "be designed to have the effect, directly or indirectly, of enhancing the stability and resources of the Negro American family."

Writing at the same time for the journal *America*, Mr. Moynihan emphasized the "one unmistakable lesson in American history": that a community which allows large numbers of young men "to grow up in broken families, dominated by women . . . asks for and gets chaos." He urged the creation of a national family policy to promote the stability and well-being of the American family. While again generally vague on policy specifics, he sug-

24. This document formed the intellectual case for the subsequent major address by President Lyndon Johnson on the Negro family; a speech which, according to one source, distilled ". . . over three decades of economic, sociological, and psychological research on the 'Negro problem.' " See: Lee Rainwater and William L. Yancey, *The Moynihan Report and the Politics of Controversy* (Cambridge: The M.I.T. Press, 1967), p. 3.

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gested raising the eroding value of "the income tax exemption for wives and children" as a good place to start.[25]

While Mr. Moynihan's contemporary critics pointed to certain weaknesses in his analysis, they were unable to refute the basic data on which his case was built. Nonetheless, reading Mr. Moynihan today is something like stepping through a time-warp. To understand why, one needs to look at the second group of social scientists who turned against the Parsonian consensus. While varying widely in approach, they shared a common trait: a passionate ideological rejection of American family life as reflected in the middle-class nuclear family model.

Giving unity to this cause were a group best labeled "cultural relativists," who zeroed in on Mr. Moynihan's conception of family pathology. Writing in *Dissent*, sociologist Frank Riessman blasted the view that the female-headed family was abnormal. "[T]he Negro has responded to his oppressive conditions by many powerful coping endeavors," he wrote. "He has developed many ways of fighting this system, protecting himself, providing self-help, and even joy. One of the most significant forms of his adaptation," Riessman stressed, "has been the extended, female-based family."[26] In another article frequently quoted by Mr. Moynihan's critics, anthropologist Ray Birdwhistell carried this orientation even further and claimed to debunk "the sentimental myth" of the American family. Men, women, and children locked up in their suburban homes, he asserted, became "cage dependent." Marriage counselors, psychiatrists, and social workers who accepted this model as "healthy," he continued, became little more than "zoo- keepers" sustaining a gross pathology. In a related piece, Mr. Birdwhistell actually called for the "destruction" of "this impossibly overloaded and guilt-creating social unit, the family."[27]

With cultural barricades crumbling, a wholesale assault began. The cutting edge of the women's movement, for example, found the family to be a chief stumbling block to its goals. Summarizing "The Movement's" perspective, sociologist Jessie Bernard cited

25. Daniel P. Moynihan, "The Case for a Family Policy," *America*, September 18 1965; reprinted in Daniel P. Moynihan, *Coping* (New York: Random House, 1973), pp. 69–78.

26. Frank Riessman, "In Defense of the Negro Family," reprinted in Rainwater and Yancey, *The Moynihan Report and the Politics of Controversy*, p. 475.

27. Ray L. Birdwhistell, "The American Family: Some Perspectives," *Psychiatry* (August 1966): pp. 203–12; and "The Idealized Model of the American Family," *Social Casework* (April 1970): pp. 195–98.

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the insights of Karl Marx and concluded that "the diagnosis of the family as the major roadblock to the full emancipation of women is very old. . . . Merely helping women bear the load of child care and child rearing is viewed as inadequate." Rather, reproduction, sexuality, and the socialization of children should be viewed as independent functions, while the family itself should be wholly restructured.[28] Sociologist Silvia Clavan, noting that America was entering Galbraith's "post modern society," speculated that "the conjugal model may be outmoded" and no longer suitable to women's needs.[29] As another aroused researcher put it with more finality, "it seems clear that in order to establish and maintain a status equal to her husband's, a woman needs to remain childless."[30]

Sex researchers and therapists added their lances to the attack. Sociologist Suzanne Keller found new attitudes toward sex, abortion, illegitimacy, and the pill properly giving rise to profound scepticism over the role of the family as the proper place for child-rearing.[31] American "pro-natalism"—defined as "any attitude or policy that encourages reproduction, that exalts the role of parenthood"—was broadly attacked for undermining freedom of sexual choice and women's self-determination.[32] Sex experts Rustum and Della Roy talked of "access to regular sexual satisfaction" as "a basic human right on a plane with freedom or shelter or right to worship," and suggested—in a not altogether uncommon list from the era—the regularization of premarital sex, the placement of "live in" singles among families, the encouragement of sexual contact between them and host husbands and wives, the legalization of bigamy and the use of "marriage inspectors" to assess couples' performance and advise them on divorce.[33]

28. Jessie Bernard, "Marriage and the Nuclear Family as Target," in Gordon F. Streib, editor, *The Changing Family: Adaptation and Diversity* (Reading, Mass: Addison-Wesley Publishing Company, 1973), p. 31.

29. Silvia Clavan, "Women's Liberation and the Family," *The Family Coordinator* (October 1970): p. 321.

30. Margaret Movius, "Voluntary Childlessness—The Ultimate Liberation," *The Family Coordinator* (January 1976): p. 58.

31. Suzanne Keller, "Does the Family Have a Future?" *Journal of Comparative Family Studies* (Spring 1971): p. 8.

32. *See*: Ellen Peck and Judith Senderowitz, editors, *Pronatalism: The Myth of Mom and Apple Pie* (New York: Thomas Y. Crowell Co., 1974), pp. 1-8.

33. Rustum and Della Roy, "Is Monogamy Outdated?" in Lester A. Kirkendall and Robert N. Whitehurst, *The New Sexual Revolution* (New York: Donald W. Brown, Inc., 1971), pp. 136-67.

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Changes in Family Structure

By the mid 1970s, it was clear that a profound tremor was shaking the American family structure and that the "pathologies" once characterizing black family life were spreading rapidly among whites, rather than the other way around. The number of divorced women per 1,000 married persons, for example, was 38 among whites and 78 among blacks in 1960. By 1978, the respective figures were 100 and 246. The number of black female-headed families climbed 65 percent between 1970 and 1978, totalling 5,682,000 in the latter year. For whites, the comparable rise was 35 percent. The illegitimacy ratio (illegitimate births per 1,000 live births) tripled between 1958 and 1975, reaching 142.5 in the latter year, a change particularly dramatic among whites. In 1978, approximately 11 million children were living in female-headed families, double the figure from two decades earlier.

Evidence grew of the deep social effects that these trends produced. After reviewing eleven studies, Walter Gove reported that the rate of mental illness among divorced men was over five times as high as that for married men, and nearly three times higher among divorced as compared to married women.[34] Judith Wallerstein and Joan Kelly repeatedly described the traumas inflicted on children by divorce, including a heightened sense of vulnerability, grief over loss of the family's protective structure, and shame regarding their parents' behavior. Rarely, the researchers noted, did young children perceive their parents' divorce as welcome relief, even in cases where they had witnessed physical violence. A longitudinal study of sixty middle-class families showed that, even five years after the divorce, 37 percent of the children involved still experienced moderate to severe depression exhibited in chronic unhappiness, sexual promiscuity, delinquency, and apathy.[35] E. Mavis Hetherington, in a carefully constructed project, discovered that father-absence had a profound negative impact not only on boys, but also on girls. With the results appearing during female adolescence, father-absence could be directly correlated with girls' magnified inability to interact with males (both peers and

34. Walter R. Gove, "Sex, Marital Status, and Suicide," *Journal of Health and Social Behavior* (June 1972): pp. 204–13.

35. Judith S. Wallerstein and Joan B. Kelly, "Children and Divorce: A Review," *Social Work* (November 1979): pp. 468–75.

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adults), heightened sexual activity, lower self-esteem, and more frequent conflicts with their mothers.[36]

The public policy implications of family turmoil—much like the effects of inflation, often partially hidden—also began to mount. Family breakup, for example, created accelerating demand for housing, reflected in statistics showing that 87 percent of the net increase in number of households from 1970 to 1974 was among singles or two-person groups. Average household size, which had declined from 3.33 persons in 1960 to 3.14 ten years later, plummeted to 2.97 by 1974, a 5.4 percent drop in only four years.[37] Large portions of Joseph Califano's absorbing review of his years as Secretary of the Department of Health, Education, and Welfare can be read as an account of social engineers trying desperately to respond to the social problems brought on by family breakdown.[38] The soaring costs of welfare reform proposals, the costly effects on the Social Security system of the steep rise in divorce and the growing number of men and women choosing not to marry at all, the enormous problems symbolized by a black teenage unemployment rate of over 40 percent, staggering levels of teenage crime, and the politically explosive issue of teenage pregnancy represent only a few of the social problems which family turmoil has created.

Predictably, calls for a federal government response emerged among selected social scientists. A few, such as psychologist Urie Bronfenbrenner, wrote eloquently about the "disintegrating" American family and retained an implicit measure of health and pathology as a guide to policy. For the most part, however, such calls for federal attention to families took on an unusual—even bizarre—character, at once resembling and going beyond the logical inconsistencies and ideologically determined content of the Swedish and British experiments.

American sociologists, to begin with, shied away from isolating the specific causes of family transformation or disruption. Michael Gordon, for example, argued for the broadest possible sociologi-

36. E. Mavis Hetherington, "Effects of Father Absence on Personality Development in Adolescent Daughters," *Developmental Psychology* (1972): pp. 313–26.

37. Downs, "The Impact of Housing Policies on Family Life in the United States Since World War II," pp. 168–69.

38. For examples, *see*: Joseph A. Califano, *Governing America* (New York: Simon and Schuster, 1981), pp. 317, 350–51, 371.

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cal approach in order to understand how change in the institution of the family "is not a piecemeal process, but rather is the result of pressures and cross-pressures within a society which brings various structures into line with its emerging organization."[39] When logically forced to confront the sources of family difficulty, the National Commission on Families and Public Policy (organized by the National Conference on Social Welfare) linked such turmoil to inequality, poverty, the decay of cities, unemployment, poor health care, lack of transportation, environmental deterioration, and changes brought on by science, technology, and medical advances. Specific linkages between cause, effect, and response, these policy experts implied, were both unnecessary and impossible.[40]

This understanding reached deep into the research methodology of the discipline. In their characteristic and widely-touted 1975 analysis of female-headed families,[41] for example, sociologists Heather Ross and Isabel Sawhill challenged extensive research results showing clear relationships between father-absence and higher levels of juvenile delinquency, educational problems, and subsequent occupational difficulties among affected children. These studies, they suggested, all ignored "important intervening variables." Reviewing the influential work of Eleanor and Sheldon Glueck, for instance, they acknowledged that while absent fathers may have played some causal role in delinquency, other factors such as "unsuitable discipline of boy by mother" and "unsuitable supervision of boy by mother" were more significant. When assessing James S. Coleman's famed 1966 report on equal opportunity, which had emphasized a strong correlation between pupil achievement and socioeconomic background, Professors Ross and Sawhill argued again "that father absence *per se* was not associated with school performance. That is, when control for family socioeconomic status was introduced, the father's absence was not significantly related to test scores." They quoted approvingly from another study which, after admitting that specific deprivations

39. Michael Gordon, *The American Family: Past, Present, Future* (New York: Random House, 1978), p. 6.

40. The National Commission on Families and Public Policy, *Families and Public Policies in the United States: Final Report of the Commission* (Columbus, OH: National Conference on Social Welfare, 1978), pp. 5-6, 12.

41. Heather L. Ross and Isabel V. Sawhill, *Time of Transition: The Growth of Families Headed by Women* (Washington, D.C.: The Urban Institute, 1975).

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such as broken homes contributed to poor school performance, countered in incredibly obtuse fashion that it was actually "objective social conditions which are associated with poor school achievement, rather than the more specific individual and familial factors, although these last, in turn, are of course influenced by the objective life conditions." After reviewing more evidence, the two researchers concluded that "if there is an association between school performance and father absence, the explanation must go beyond *the mere fact* of the father's absence and consider elements in the general quality of the children's home life, including adult interaction with children and attitudes towards children's success in school." In sum, Professors Ross and Sawhill suggested that female-headed families "*per se*" did not entail serious negative consequences for children.[42]

Such a conclusion, however, reflects serious logical errors. In an important 1966 article on social causality, Travis Hirschi and Hanan Selvin outlined the logical difficulties plaguing research on juvenile delinquency, where six false "criteria of noncausality" were commonly used to deny any relationship between delinquency and broken homes, poverty, race, working mothers, and other factors.[43] If such criteria were systematically applied to any field of research, they argued, no statistical relation could survive the test.

In the examples cited above, Professors Ross and Sawhill succumbed to similar analytical errors. To begin with, they implicitly assumed that father-presence *per se* held no intrinsic relationship to a mother's handling of children, to a family's income or socioeconomic status, to parental interaction with children, or to attitudes toward children's success in school. Stripped through such unstated (and highly questionable) assumptions of any significant linkages to the critical "intervening variables," fathers were relegated at the outset by arbitrary definition to a social utility roughly equivalent to that of ornamental furniture. And such presuppositions necessarily translated into Professors Ross and Sawhill's interpretive results "confirming" paternal unimportance. Significantly, they went on to speculate that what suffering children do experience in female-headed families may in fact be the result of

42. *Ibid.*, pp. 129–53.

43. Travis Hirschi and Hanan C. Selvin, "False Criteria of Causality in Delinquency Research," *Social Problems* (Winter 1966): pp. 254–68.

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maternal—not paternal—deprivation, "because women who become single parents are forced to spread their energies beyond their prior childbearing tasks." At the same time, the two researchers repeatedly hinted that if only someone—the government?—would provide female-headed families with extra income, more parental contact, male role models, the means of stronger discipline, and so on, the children in such families would function with few difficulties. It is no coincidence that this list of needs sounds suspiciously like the traditional role definition of a father. With that, their circular reasoning stood complete. Professors Hirscher and Selvin noted in their essay that the use in sociological research of terms such as *per se*, *as such*, *mere fact*, and *in itself* almost invariably signaled serious logical difficulties.[44] Professors Ross and Sawhill came to rest their entire case on these phrases.

Similarly, their embrace of "objective social conditions" and "the general quality of the children's home life" as the true determinants of a child's propensity towards delinquency or failure in school suggested an additional form of illogic. For in contrast to specific and measurable criteria such as "broken homes" or "father absence," these vague abstractions were both unmeasurable and "unfalsifiable," leaving them scientifically meaningless. Nonetheless, Professors Ross and Sawhill used this orientation to open the whole human experience to potential state manipulation in order to improve the "objective conditions" affecting families. Almost predictably, they concluded that public policy ought "to make life less difficult for female-headed familes" through enhanced day care, social service, and child support arrangements. They also suggested a need for "the general sharing of responsibilities for children both within the private and between the private and public sectors," modest words translating into enhanced government control over American children. "Scientific analysis" once again led to familiar statist solutions.

In addition to the rejection of specific causation, social scientists working on the family problem also tended to embrace a "value amnesty introduced with the resurgence of pluralism," which allowed for the unemotional appreciation of changes in family life.[45]

44. *Ibid.*, p. 266, note 43.

45. Betty E. Cogswell and Marvin B. Sussman, "Changing Family and Marriage Forms: Complications for Human Service Systems," *The Family Coordinator* (October 1972): p. 506.

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Traditional value systems were breaking down, sociologist Betty Cosgrave suggested, as they became "less salient to existing social circumstances and events." Meanwhile, new values crept in, as an "alternate culture" worked toward "liberating both men and women from a highly competitive way of life."[46]

Reflecting these themes, a number of social experts concluded that the traditional family was "disappearing." In one widely quoted figure, a U.S. Department of Labor statistician noted that only 6 percent of U.S. families fit the model of an "average" family, defined as "a husband who works, a wife who is not in the labor force, and two children." Only 15.5 percent of all families, she continued, consisted of a working husband, a wife not in the labor force, and one or more children under eighteen years of age.[47] Viewing similar statistics, two prominent sociologists were led to conclude exuberantly that the American family now "had its own pluralism in structure!"[48] Put another way: American families were not collapsing; they were changing. Viewed in this manner, an "ideal" family no longer existed against which "pathologies" might be measured. Instead, individuals had "the right" to live in any family form which would increase their options for self-fulfillment, while public policy should be oriented to recognize "the diversity which exists." Cornell University's Harold Feldman caught the militant tone of the emerging new orthodoxy:

> Do those who have all the characteristics of the American Family except for the fact that the couple is unmarried count as being part of the American Family? Shall we exclude all those persons who do not have children from being included in policies concerning the American Family? How about those who no longer have children living in their homes? . . . Do we want to characterize families as belonging to the charmed circle only if there had been no sexual experiences with persons of the opposite or the same sex prior to marriage?[49]

Such windy utterances, however, belied certain basic facts.

46. Betty E. Cosgrave, "Variant Family Forms and Lifestyles: Rejection of the Traditional Nuclear Family," *The Family Coordinator* (October 1975): pp. 391–94.

47. Janet L. Norwood, "New Approaches to Statistics on the Family," *Monthly Labor Review* (July 1977): p. 31.

48. Cogswell and Sussman, "Changing Family and Marriage Forms," p. 377.

49. Harold Feldman, "Why We Need a Family Policy," *Journal of Marriage and the Family* (August 1979): p. 453.

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While it is true that only 6 percent of U.S. families in 1976 did fit a statistician's "average" definition of working father, fulltime mother, and two children, the large majority of American families continued to *pass through* this phase at some point in their institutional life.[50] More to the point, three out of every four of the 213 million persons living in the United States in 1977 resided in husband-wife "nuclear" households, while 79 percent of all children under age 18 lived with two parents.[51] Family structural trends were (and are) clearly headed in other directions; yet the "nuclear" family has hardly disappeared.

Similarly, the term "pluralism," while perhaps useful as a description of contemporary reality, becomes extremely problematic when made a basis for policy. The Myrdals, Britain's Population Commission, and Daniel Moynihan all had relatively clear goals in mind against which their success could be measured: more marriages and higher birth rates in Sweden and Britain; or more male-headed families and lower illegitimacy among black Americans. Moreover, each had a family model in mind against which deviations or "pathologies" could be measured.

Among the pluralism school, though, "family" does not necessarily imply marriage, children, heterosexual cohabitation, or any other visible criteria. For them, "family" represents at best a vague emotional bond between two or more people. Such criteria are useless as a guide for specific policy creation.

Instead, this orientation only gave further credence to the "universalist" approach to family policy. After affirming the contemporary "pluralism" of family structure, Kenneth Keniston wrote in 1978 for the prestigious Carnegie Council on Children that "The most pressing problems of families and children, it is now clear to us, are in fact the problems of society." Family advocates, he continued, should no longer focus on the problems of individual families, but rather on job creation, the structure of the labor market, the degree of social justice in the nation, tax reform, health care, sexism, racism, and energy—all measures "to modify economic and social factors that affect families."[52] The National Commission on Families and Public Policy took this point still

50. This was a point made in the original Labor Department report but usually ignored by those who quote it.

51. Paul C. Glick, *The Future of the American Family*, U.S. Department of Commerce, Bureau of the Census, Series P-23, No. 78 (January 1979), p. 3.

52. Kenneth Keniston, *All Our Children: The American Family Under Pressure* (New York and London: Harcourt, Brace, Jovanovich, 1977), pp. 213–14.

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further, arguing for government intervention from "an intergenerational viewpoint, to provide needed supports for singles, for childless couples, for families with children, for families with elderly people and for families with handicapped members"; in sum, "supports" for everyone and "very active interventions" for some.[53]

The logical imprecision and sweeping prescriptions of contemporary American family sociology found a home at Jimmy Carter's White House Conference on Families, a model of conceptual confusion. "The American family is in trouble," then-candidate Carter declared in 1976 when he first proposed the idea, suggesting his embrace of an ideal American family structure against which pathologies might be measured. However, conference chairperson Jim Guy Tucker would later emphasize "the realities of today's families, their diversity and pluralism" and their "amazing strength and resilience." One conference speaker clarified further this now dominant orientation, stressing that "what we are witnessing today is not the breakup of traditional family patterns, but the emergence of a pluralism in family ways."[54] In his penetrating analysis of the Family Conference, historian James Hitchcock has noted the assembly's "studied moral neutrality" where such seemingly basic family issues as sexual promiscuity or the weakening of marriage bonds were treated as irrelevant.[55] Other fish, it appears, were being fried. As the conference's final report concluded, families were not breaking down; but they were "under unprecedented economic and even political pressures" and had a lengthy list of "needs" that demanded prompt federal attention. This dreary compendium—including everything from implementing the Humphrey-Hawkins Act to supporting mass transit to vigorous enforcement of civil rights legislation and affirmative action programs to the elimination of mandatory retirement—reflected a political theme without content; a cause run amok.

Social Sciences and Family Policy

Viewing this historical record of the regular distortion of social research on the family toward statist ends, do the social sciences

53. *Final Report*, pp. 3, 9.

54. A paraphrase of Tamara Hareven, "Changing Realities of Family Life," found in *Listening to America's Families: The Report of the White House Conference on Families* (Washington, D.C.: WHCF, 1980), p. 159.

55. James Hitchcock, "Family Is as Family Does," *The Human Life Review* (Fall 1980): p. 55.

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have a role to play in relating the family to American public policy? The answer seems to be a qualified yes. Social research on the family could be useful in limited contexts so long as it is as free as possible from *unexamined* values,[56] and so long as it maintains a clear, unambiguous linkage between definition, cause, and prescribed cure of the problem at hand. However, such clearly drawn and proven linkages will most likely be limited to distinct, isolated problems of carefully defined subgroups of the population. For it is in applying prescriptive social policy that the "pluralism" of the American population becomes altogether real. Efforts to create a "new complex of effects" to aid families or to provide vague "supports" for families are doomed to costly futility, for they have no foundation in history, basic logic, or reality. Rather, they usually represent social engineering schemes resting not on facts, but on ideology and a secular faith. The family policy record in Sweden, Britain, Germany and France suggests the recurring failure of broadly aimed government measures to meet stated policy goals.[57]

For ultimately, there is little that the government of a free people can do, one way or another, to set families right, even if the large majority agreed on what "right" was. Successful families are built on intangibles. As Gilbert Steiner notes, the government "has no mechanism to enforce love, affection, and concern between husband and wife, between parent and child, or between one sibling and another."[58] Moreover, family structure is a *cultural*, rather than a political or economic creation; and family life prospers or declines largely independent of what governments do. Huge battles, have, are, and will be fought over the normative family standards expressed in the nation's churches, schools, textbooks, and media. Legal definitions of marriage and family will also enter into these conflicts, but these latter remain by and large the exclusive concern of the states. The federal government has no proper role here.

56. On this point, *see*: Walter Miller, "The Elimination of the American Lower Class as National Policy: A Critique of the Ideology of the Poverty Movement of the 1960's" in Daniel P. Moynihan, editor, *On Understanding Poverty* (New York: Basic Books, 1968), pp. 305–06.

57. *See*: Allan C. Carlson, "Toward a National Family Policy: The European Experience," in Carl A. Anderson and William J. Gribbin, editors, *Emblem of Freedom: The American Family in the 1980's* (Washington, D.C.: The American Family Institute, 1981), pp. 109–10.

58. Gilbert Y. Steiner, *The Futility of Family Policy*, (Washington, D.C.: The Brookings Institution, 1981), p. 8.

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It *is* necessary, however, for policy-makers to bring discussions of the American family back into coherent focus. It is undeniably true that the "traditional" family model is still dominant in the United States and that the great mass of social research results confirm that this structure provides the best setting for raising children and stabilizing responsible adult relationships in society. It is also true that the past two decades have witnessed an accelerating break-up of this dominant pattern and that the large numbers of Americans living in "variant" or "pathological" family units cannot be written off the social and political ledger.

With this said, there remains a family agenda which conservatives can realistically embrace. Its "negative" components are well known. Defeat of the Equal Rights Amendment will assure that laws relating to marriage and family remain the preserve of the state legislatures, rather than the province of the federal courts. Senator Roger Jepsen's proposed Family Protection Act would take major steps toward ending the federal government's recent promotion of "alternative life-styles" or "varied family forms" through the activities of the Legal Services Corporation, the use of Title X "family planning" funds, the implementation of the Child Abuse Prevention and Treatment Act, and related programs. It would prohibit federal funds from promoting educational material denigrating traditional roles of women, ensure continued control over public schools by the states and localities, and affirm parents' rights to direct the religious and moral upbringing of their children. Taken as a whole, the Act would remove the federal bureaucracy from a dangerous and coercive social engineering role and relegate family matters once again to the marketplace of custom and tradition.

In a positive vein, conservatives can also work to restore the policy balance existing in the 1950s which embodied a positive social valuation of families and children. The income tax tables—as Mr. Moynihan suggested sixteen years ago—would be a good place to start. In a recent paper presented at an American Enterprise Institute seminar, Treasury Department economist Eugene Steuerle shows that since the late 1940s, the tax burden of households with dependent children has grown dramatically when compared to households without dependents, both single and married. The personal exemption, worth $600 in 1948, has risen to only $1,000 as of 1981, a level it will maintain through 1985. Yet if the exemption were to offset the same percentage of *per capita* personal income today as it did in the late forties, it would need to equal

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$4,600 in 1981 and roughly $5,600 in 1984. Meanwhile, the tax rates for singles were lowered in 1969 and the so-called "marriage penalty" affecting some two-earner couples will be offset starting in 1982 by a new partial deduction. As a result, singles and married couples with no dependents are scheduled to face essentially the same tax rate in 1984 as they did in 1960. However, a couple with two children will face a total increase of 43 percent in their average tax rate, while a couple with four children faces a cumulative increase of 223 percent.[59] Although something of an oversimplification, one might conclude that the great explosion in welfare state activities since 1960 has been financed almost exclusively out of the pockets of parents with dependent children.

This is both poor social policy and poor tax policy. Measured by the criteria of either "family assistance" or "ability to pay," it seems grossly inappropriate to impose such a disproportionate tax burden on parents with children. (It becomes proper only if one considers children to be items of "consumption," equivalent to a new car or a television set.) As a corrective, Mr. Steuerle proposes that couples with dependents be allowed to use a tax rate schedule in which brackets were at least twice as wide as those that apply to single persons. This would both eliminate the "marriage penalty" for couples with dependents and recognize that the ability to pay of a family with dependents is lessened by the presence of dependents. Even granting current fiscal pressures on the tax base, a correction along these lines should be high on any pro-family agenda. (Characteristically, this matter was not even noted at the White House Conference on Families.)

Housing policy might also be addressed. It is common knowledge that—in contrast to the 1950s—the purchase of a first home today is beyond the reach of most young couples, and the restoration of affordable home mortgage interest rates must be the highest priority. In conjunction with this, a more specific idea deserving attention is the proposed creation of "individual housing savings accounts," into which a first time homebuyer could deposit an annual sum of money—up to, say, $3,000—with the total amount not to exceed $12,000. The amount deposited would be deductible

59. Eugene Steuerle, "The Tax Treatment of Households of Different Size." Revised version forthcoming in *Taxing the Family*, edited by R. G. Penner (Washington, D.C.: American Enterprise Institute for Public Policy Research).

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from a family's income for tax purposes and would have to be applied to the down payment on a home.

Without prejudice to any family form, the federal government can thus restore a tax policy model giving recognition to the social value Americans have historically placed on children and home ownership. Beyond that, the interventionist state should not normally stray, for human understanding of social dynamics and change remains wholly inadequate to the task.

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Against the Grain

What's Good for General Motors: Reagan's Foreign Policy

CHARLES KRAUTHAMMER

In his pre-Christmas address to the nation on Poland, President Reagan had no trouble conjuring up magnificent images of freedom. But the speech had been eagerly awaited because it promised to spell out American sanctions in response to the Polish coup. In that respect, it was an embarrassment. The President elucidated a set of empty gestures, like stopping Polish civil aviation to the U.S. (a couple of flights a week) and suspending fishing rights (the season was nearly over). Jaruzelski's sponsors in the Kremlin were "put on notice," in the words of one high administration official, that if conditions in Poland did not improve, they were next. Conditions didn't improve and a week later the President imposed a series of equally tepid sanctions on the Soviets, like cancelling Aeroflot's twice-a-week flights to New York. That impressed our allies even less than the Kremlin. Helmut Schmidt lost no time in seeing, and saying, that they amounted to zero. The pre-Christmas speech ended with an appeal to Americans to light a candle for Poland, a bold reversal of the Carter policy of turning Christmas lights *off* in response to outrages abroad. Mr. Reagan had earlier reversed President Carter's other response to Afghanistan, the grain embargo, and he shows no willingness to reimpose it or invoke sanctions of any comparable seriousness, like a cutoff of credit. President Carter, remember, was reacting to Soviet mischief in a country more peripheral to American interests than Poland. And Mr. Reagan made his way to the presidency by denouncing Mr. Carter's weakness and irresolution in facing our adversaries around the world. What has happend to Ronald Reagan, erstwhile anti-Communist ideologue and crusader for freedom?

That question has been much on the minds of conservatives lately. Henry Kissinger took to the op-ed pages of *The New York Times* to ask it. Some have answered that now that Mr. Reagan is President, he is simply facing reality. But the appeal to reality is,

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to misquote Dr. Johnson, the first refuge of scoundrels. And since what is at stake in most policy decisions is a definition of reality, the reality claim is itself at best a tautology. Others say that the President is ill-advised by the corporate types that surround him. But after all, Mr. Reagan chose them and he chooses to listen to them. The question still is why. Some conservatives have been driven to the conclusion that this administration, as George Will wrote, "loves commerce more than it loathes Communism." Correct, I think, but why was that wisdom a year in coming?

As far back as last April, Mr. Will was aware that something was wrong with the Reagan foreign policy, but he couldn't quite put his finger on it. "The Reagan administration talks a tough foreign policy," he wrote, "but administration actions are garbling its message." One could well understand Mr. Will's confusion. In one two-week period in April, the Reagan administration (1) browbeat Japan into a minor curtailment of auto exports, a move that elicited great resentment in Japan and wasted valuable diplomatic capital needed to encourage Japan to share our defense burden in the Pacific; (2) lifted the Soviet grain embargo, thereby dropping the last remaining act of American resistance to the Soviet occupation of Afghanistan and demonstrating to the Soviets that even the most conservative American administration in half a century does not have the stomach to maintain sanctions against a Soviet invasion (a lesson not lost on the Kremlin when it decided next to re-Stalinize Poland); and (3) agreed to replace American-controlled AWACs surveillance planes in Saudi Arabia with Saudi-owned and -operated AWACs in return for $8 billion—an exchange for which even supporters couldn't find a strategic justification but which will keep the AWACs assembly lines rolling and powerful American businesses, dependent upon Saudi good-will, happy.

Secretary of Agriculture John Block had no trouble discerning the "garbled message" of this administration. Shortly after he had prevailed upon the President to side with Agriculture over the objections of State and lift the grain embargo, Mr. Block noted with satisfaction the "market-oriented foreign policy" of this administration.

Mr. Block had it right. In his first year in office, the President has responded to major foreign policy tests by giving domestic economic considerations highest priority. The mid-April decisions were all designed to placate powerful commercial interests: auto, farm, and oil. Later in the year, the President had to face two major East-West challenges, the trans-Siberian pipeline and

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Poland. His rhetoric on the pipeline, which will double western Europe's dependence on Soviet energy, was strong. Yet, last summer he quietly allowed the Commerce Department to issue export licenses to Caterpillar Tractor for crucial pipelaying equipment. After the Polish coup the Administration withdrew the Caterpillar licenses, but it carefully did nothing that might offend the grain farmers dependent upon Soviet trade, the bankers holding Polish notes, or the hundreds of businesses heavily dependent on East-West trade.

The Priority of Economic Policy

It is a little difficult to understand how Mr. Reagan could permit the dominance of this pro-business theme in his foreign policy. After all, when he ran for the presidency it was John Connally and later George Bush who were the favorites of the boardroom set. Mr. Reagan appealed, successfully, to the traditional working-class constituency of the Democrats, "the heroes behind the lunch-counter" as he called them in his inaugural address. He has long taken anti-big business stands. In a 1978 radio address he said that "concentrated power has always been the enemy of liberty," and he made it clear that he was talking about "the concentration of economic and political power in the hands of big business, big labor, and big government alike." Mr. Reagan has always had an ideological affinity toward the "widespread distribution of capital and property ownership" and an aversion to the "concentration of economic and political power. . . bigness unjustified by any claim to efficiency, bigness for the sake of exercising monopoly power, bigness to extract special privilege from the government, bigness to destroy competitive free enterprise." And in foreign policy, he was never from the Nixon-Kissinger-Ford *realpolitik* school. In fact, he twice led the dissident populist wing of the Republican Party in an ideological revolt against it. What's an old-style Cold War free-enterpriser doing making foreign policy tailored to suit Mobil and Citicorp?

The answer lies less in an inversion of ideological beliefs on the part of Mr. Reagan, than in the rigid set of priorities he has set for his presidency, with foreign policy near the bottom. Mr. Reagan sees the root of America's current difficulties at home and abroad as economic. He believes these to be caused by the growth of government and high taxation. Unless these trends are reversed, he sees little hope for America and little reason for his presidency. However strongly he may feel about foreign affairs, the things he

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wants to do most are economic. He has been very careful not to allow foreign policy considerations to interfere with his domestic priorities. (And when they do, he has downplayed them. In El Salvador, one of the few instances in which he allowed his anti-Communist ideology to prevail, as soon as he found that decision distracting attention from his tax and budget cuts, he ordered his aides to get the El Salvador policy off the front pages.) Lifting the grain embargo, protectionist trade policies, huge arms sales to Saudi Arabia, and timidity on Poland, are for Mr. Reagan all tolerable compromises with his ideological beliefs (anti-communism, free trade, Israel). There are two reasons for this: these decisions directly benefit (or minimize damage to) the economy, and they help him secure political support from the powerful domestic interests that benefit most directly from these foreign policy decisions. And the President needs these constituencies to accomplish his major goal—overhauling the U.S. government and revitalizing the economy.

President Reagan undoubtedly believes that if his foreign policy can serve his economic policy in the short run, then ultimately a strong U.S. economy will strengthen America's ability to conduct foreign policy in the long run. That may be true. It is important for the U.S. to regain its economic strength in order to regain its dominance in the world. But there are two major difficulties facing a foreign policy so heavily influenced by economic considerations. First, empire is expensive. The economical thing to do is to give it up. If, in the short run, we attend exclusively to our economy, there may be no one left to lead in the long run. The U.S. position in the world may well be permanently damaged if we seek to eliminate all the "uneconomic" ties that bind us. In some areas of the world, the U.S. recognizes that an imperial power must be prepared to bleed, at least economically, for its dominion. The U.S. sustains both partners of the Egyptian-Israeli entente at tremendous cost because of the overriding geopolitical advantages. But, in a mood increasingly isolationist and autarkic, the Administration is less and less inclined to subsidize our rich allies in Europe and Japan. It is taking aim at our "unequal" economic relationship. It has already created great strains with our allies because of high U.S. interest rates which have helped export recession and because of increasingly protectionist actions which threaten Western trade. In contrast, the Soviets, who have much less bread to start with, are prepared to underwrite their satellites. Mr. Reagan talks the language of empire, yet seems surprised

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that allies, whom he now wants to treat on the basis of "reciprocity" rather than patronage, resist his command. That is not to say that economic reasons alone account for the current disarray in the alliance. But Mr. Reagan's relentless attention to U.S. economic reconstruction has certainly added to the damage.

Business Principles

The second problem facing the President is that a foreign policy dominated by economic considerations can have only one goal—stability. The multinationals, whose world view contains a pure culture of "economic foreign policy," know that quite well. It is a widespread but nonetheless mistaken belief that business has a preference for right-wing dictatorships. In fact, business has a preference for stability. It abhors revolution, war, and when it produces instability, democracy. Many people were shocked when western banks reacted with satisfaction to the Polish coup and spoke with relief of the effect of a little discipline on Polish work habits. The banks have always preferred conditions to be "normalized." And a desire for normalization is a commitment to ideological neutrality.

From Lenin's New Economic policy to post-colonial Africa, business has made an art of ideological neutrality. Carl Gerstacker, former chairman of Dow Chemical once said, "I have long dreamed of buying an island owned by no nation and establishing the world headquarters of the Dow Company on the totally neutral ground of such an island, beholden to no nation or society." (And he added thoughtfully, "We could even pay any natives handsomely to move elsewhere.") Poland represents only the most recent, and indiscreet, example of corporate neutrality. When Ian Smith was in control of Rhodesia, Union Carbide supported American mineral imports from Rhodesia in violation of international sanctions. That made Union Carbide the target of boycotts and protest in the U.S. Now Union Carbide has quickly settled into a comfortable relationship with former guerilla leader Robert Mugabe. When company chairman William Sneath recently attended a dedication ceremony in Zimbabwe, he declared to Mugabe that "Union Carbide supports your goals."

Business would support the goals of anyone that allows it to do business. That is why Gulf Oil, which incurred the wrath of student protesters in the sixties for continuing to pump oil out of Portuguese Angola, has now become the chief economic and political supporter of the current Soviet-dominated regime there. Gulf

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wants to see nothing that might disturb the stability of people's Angola. It therefore opposes repeal of the Clark Amendment which would permit American support for anti-government guerillas.

Gulf's position on Angola proved too much even for this administration. In opposition to Gulf and other corporate lobbyists, the President is trying to repeal the Clark Amendment. One factor in his decision is, no doubt, that our total economic investment in Angola is relatively small and concentrated in a few companies. In the extreme case of Angola, however, the Administration was finally able to distinguish business interests from the national interest.

Economic Sacrifices: Real and Sham

But Angola is the exception. The wonder of Mr. Reagan's presidency is that he has allowed national security and ideological considerations to be so subordinate to economic considerations. And nowhere is this more apparent than in U.S.-Soviet relations. In his 1976 primary challenge to President Ford, Mr. Reagan so vilified the notion of detente that Mr. Ford had to drop the word from his vocabulary. Mr. Nixon and Dr. Kissinger had constructed detente to establish a web of relations with the Soviets in order to moderate their adventurism and induce them to calculate the costs of misbehavior. It has taken us a decade to realize that consumer societies are more likely to be restrained by economic disruption than centralized, militarized society. The risk of losing the Soviet connection or abdicating competition to other more unscrupulous western competitors has induced one western government after another to avoid too stiff a response to Soviet misconduct. That was the case with the U.S. attempt to isolate the Soviets economically after the Afghan invasion. That has been the case with the West European drive to build the trans-Siberian pipeline. And that is now the case with American paralysis over Poland.

Poland is not, as Chamberlain once said of Czechoslovakia, and as Western Europe in effect said of Afghanistan, "a faraway country of which we know nothing." It is a test of Helsinki, of the efficacy of detente as a restraint on the Soviets, and most important, of western willingness to allow ideological and ultimately national security considerations to override commercial ones. And thus far President Reagan has failed the test.

Shedding tears with the defecting Polish ambassador to Washington and calling for prayers and candles is not enough. Nor can one argue that the U.S. cannot move too quickly for fear of being

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too far in front of its western allies. On the contrary, the only way for the U.S. to bring its allies along is to demonstrate American willingness to make real, not sham, economic sacrifices. It is hypocrisy for Mr. Reagan to cut off U.S. high technology trade with the Soviets and demand that Europe follow, when trade of manufactured goods accounts for about 18 percent of Soviet-American trade and more than 95 percent of Soviet-West German trade. For the U.S. to lead, it must be willing to make economic sacrifices, and that means a total trade embargo, including grain, or, better still, a cutoff of credit. But this administration for all its posturing is unwilling to incur the costs to agriculture or finance of such a policy. It is even less willing to risk alienating farmers or the banks. After all, business is business.

None of this greatly surprises liberals. They have long warned of business's pernicious and undue influence on American foreign policy. True, they have tended to concentrate on cases like ITT in Chile. But there is no reason why this analysis should not apply to even more illiberal Angola or Poland. Liberals are also better positioned to recognize that the Republican Party, for all its professed devotion to freedom, is hostage to the ideological neutrality of its corporate supporters. It has taken Poland and the disarming frankness of business reaction to it to make some conservatives see that. Conservatives are not used to hearing one of their own, like Citibank vice president Thomas Theobald, tell *The Wall Street Journal*, "Who knows which political system works? The only test we care about is: Can they pay their bills?" The sight of Ronald Reagan in bed with the Theobalds of this world has elicited painful cries of betrayal from his own conservative constituency. For liberals it is only another *deja vu*.

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Tales from the Public Sector

This article contains quotations from obscene and pornographic writing which will offend many readers. We realize and regret this, and have not taken the decision to publish it lightly. But the subject of National Endowment subsidies to obscene poets and writers is clearly one which a magazine devoted to public policy should properly examine. And, as the author rightly says, the reader would never believe the grossness of the writing if he were simply told that it was obscene. Examples of the obscenity are required to make the point. So as not to weary our readers with this offensive material, however, we have resorted to bowdlerization and have omitted vowels from four-letter words. This may expose us among sophisticates to the charge of being prim and old-fashioned. So be it.

JO'S

National Endowment For Pornography

This is an article about government subsidies to the arts and is consequently unsuitable for readers of a sensitive disposition. It is an odd world in which an article on the Literary Program of the National Endowment for the Arts (which each year ladles out nearly $5 million to writers and publishers "of exceptional talent") has to be prefaced by such a warning. But if the reader, who is also a taxpayer, is to appreciate the gross vulgarity, obscenity, viciousness, fierce anti-religious sentiments, contempt for democracy, and sheer perversity which he is subsidizing—not to mention the cronyism which helps to select the recipients of his subsidies—he must be provided with examples. He would scarcely believe it otherwise.

In the wake of attacks in literary magazines, the NEA last November dumped David Wilk, as the Director of the Endowment's Literary Program. He has now taken up consulting in Guilford, Connecticut. But Assistant Director Mary MacArthur, who now heads the Literary Program and is herself a former NEA selection panelist, has stated that cronyism is "non-existent" in any of the National Endowment's Programs and that she intends to keep the present guidelines for selecting grantees. Well....

In 1979-80, the Advisory Panel to the NEA awarded a $10,000 grant for fiction to one Tom Veitch of Grafton, Vermont. On the

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general panel sat Ron Padgett, himself a former NEA grant recipient and the author of *Tulsa Kid*, which includes the poem "Lemon Meringue." The first verse:

Do you think it is an easy thing
to make a tuna salad sandwich
Shall I smash this pie in your face
the face of God?

Mr. Padgett's short poems include "Problem," which observes: "I don't care if America slid into the ocean. The only problem is, which ocean?" Also, from "Orange Man": "Think of the other various peoples of the world, ripping each other's clothes off and f*cking, everybody on earth f*cking simultaneously, writhing and gyrating, moaning and crying, sobbing screaming and shrieking and coming, in one vast radiation of orgasm: Well, that's how I see mankind."

Tom Veitch's views are somewhat similar. In 1976 he published *Death Collage and Other Poems*, which contains:

My eyes are glistening grapes
of gladness;
yours are two t*rds floating
in the toilet of your face.

and...

Whoops, here's God:
(I felt the orgasm
under my finger.)

Besides the anomaly of a federal agency as prestigious as the National Endowment for the Arts awarding lavish grants to poets like Messrs. Padgett and Veitch, the above scenario embodies another curiosity. According to *International Who's Who in Poetry, 1977*, Ron Padgett writes under two pen names: Harland Dangerfield, and Tom Veitch.

The obvious question is: Did Ron Padgett in 1979–80 help make a $10,000 grant to himself?

Mr. Padgett, not surprisingly, says no. Mr. Veitch is a good friend whose work he is familiar with, Mr. Padgett says, but the pen name "was actually a hoax Tom and I pulled. I filled out the form erroneously on purpose, thinking that my friend Veitch would get a kick out of it." Mr. Padgett said that although he was on the general Advisory Panel, which collectively approves all awards, he was more involved in judging the poetry section, whereas Mr. Veitch won a $10,000 award for fiction.

Perhaps. But the facts remain: Mr. Padgett and Mr. Veitch co-

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authored a book of poems, *Antlers in the Treetops*; Mr. Padgett's Full Court Press has published Mr. Veitch's work; and Big Sky Press, which published Mr. Veitch's *Death Collage*, has published Mr. Padgett. For Tom Veitch it could not have hurt to have friend Ron Padgett as judge and panelist in a competitive NEA literature contest.

They jointly make the prize list in another context. According to the October/November issue of *Coda*, the poets' and writers' newsletter, Tom Veitch was awarded a $500 Fels Award by the Samuel S. Fels Fund of Philadelphia for "Song of Myself," published by the *Milk Quarterly*. E. V. Griffith, David Madden, and Ron Padgett were listed as judges for the contest, in which 200 writers applied and 15 won awards.

Mr. Padgett and Mr. Veitch are only two players in a complex and incestuous prize circuit; the NEA Literature Program abounds with examples of grant judges giving awards to writers who have published their work, and whose work they have published. One interesting association involves the Naropa Institute, a California cult group with Buddhist ties, and the National Endowment for the Arts. In 1979–80 no fewer than *fifteen* poets who taught at the Jack Kerouac School of Disembodied Poetics at Naropa Institute each won $10,000 grants. That's $150,000 to the tantric-Buddhist cult of Naropa guru Chogyam Trungpa, who has run what he calls an "experiment in monarchy" in the Colorado Rockies. (The bizarre, violent, and sometimes illegal activities permitted, even required, by Trungpa, are outlined in Tom Clark's book, *The Great Naropa Poetry Wars*.)

Steve Katz, another member of the Endowment selection panel (and NEA winner of $12,500 in 1981), said that Ron Padgett, himself a former poetics instructor at Naropa, was instrumental in getting so many Naropa-affiliates NEA grants. "The luck for them was that Ron was on the panel," Katz said. How else, one wonders, could the publisher of *Clean *ssh*le Poems* or *Cancer In My Left Ball* end up with several grants of taxpayer money in hotly contested races?

Consider the output of some of those fifteen Naropa poets. Allen Ginsberg, perhaps the most famous, is the author of *Howl* and *Reality Sandwiches*. The first verse of the poem "America" from *Howl*:

America I've given you all and now I'm nothing
America two dollars and twenty-seven cents January 17, 1956.
I can't stand on my own mind.

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America when will we end the human war?
Go f*ck yourself with your atom bomb.
I don't feel good don't bother me.

Richard Gallup of Naropa wrote "The Return of Philista," which contains the following cryptic passage, not unrepresentative of his work:

"Gwanda, Crock-pig lie I'm
Certain, no lamb in sight,"
Quetch ate and Tom's a mad
Dial it and Tom ache,
Neo-Fui bat up a
'Em ass in purgatory
And inch elate ten you too?

Peter Orlovsky's $10,000 went, in part, to the ejaculation of this poem (the spelling eccentricities are his):

I rubbed two comes all over my cat
& now she has something to do
under the belley, on the paw,
behind the near
near the tail.

and this one:

My mothers very funney sometimes,
When I was 17teen she told me
she sucked my gigger when I was 3 months old
& sucked my dildo in frunt of my farther
& he got jelous she said & told her to quit haveing fun
I always loved that storey & tell it when ever I can
to sweet friendley girls.

Ted Berrigan has won both NEA grants and prizes from the New York State Council for the Arts. His poem "A Personal Memoir of Tulsa, Oklahoma," includes:

And I saw your penis there. It was right there, where
We were, and it was with us. We looked at it, there
And you said, "Why hello there Oliver!" to me, there
Beside you, without any pants on, there where I
Could hear you saying, "Why hello there!"

Then Frank came in, and George, and Bill, and Cannonball, and Frank;
And Simon, Jonas, Jennie-Lou, and Bob; and gentle Millie-Jean;
And Hannibal the Alp; and they took off their hats and coats

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and all began to puke. They puked on Cal, and on Billy, and on Benjamin, Lucifer, Jezebel, Asthmador, and Frank. Then they left.

Mr. Berrigan has co-published with other Naropa poets like Anne Waldman, Lewis Warsh, and Bernadette Mayer. His book *Selected Poems 1958–79* which acknowledges state grants is dedicated to, perhaps appropriately, Ron Padgett. Mr. Berrigan's untitled poem, co-written with Anne Waldman, runs as follows:

The windows are closed
The door is closed
The house is closed
The bars are closed
The gas station is closed
The streets are closed
The store is closed
The car is closed
The rain is closed
Red is closed.

Other items which are closed, apparently, are: yellow, green, bedroom, desk, chair, geraniums, triangle, orange, shine, light, dime, cigar, pepsi, airport, mailbox, fingernail, ankle, melon, and so on.

Two qualifications: first it may be objected that quoting only sections from poems distorts their meaning. Admittedly, for space reasons, some poems have been excerpted—usually these ramble on for pages and pages, repeating stanzas, sometimes breaking off entirely to give way to a picture of a chicken. For the most part, however, poems quoted above are cited in their entirety, and if there is intrinsic merit, you are looking at it. (Some NEA poets say that if you don't find meaning, you aren't looking hard enough; others say that the fact that you don't find meaning is itself significant.)

Second, it should be emphasized that only the Literature Program of the NEA is under survey here. And although it may be contended that this program gets a small fraction—6 percent in 1979—of the NEA's overall allocation, even that is a considerable sum: more than $4 million in each of 1979–80 and 1981.

The work of Diane di Prima of San Francisco, who won $10,000 from the NEA in 1979–80, is a good paradigm for discussing an author's right to sponsorship by the taxpayer. Miss di Prima's work is monotonously sexual. An excerpt from *Memoirs of a Beatnik*:

> I slid my body down along his leg, until my mouth found his standing c*ck. I began to play with it, nibbling along its sides with my lips, tonguing here and there at its root, in the tangle of dark, musty-smelling hair. At last, under the urgent message of his hands, my mouth closed over the large head of his c*ck, and I tasted the bittersweet liquid at its tip.

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> I bent my head down as far as I could completely filling my mouth, straining to make that space larger and to take him in more completely. The head of his c*ck pressed against the back of my throat and I gagged slightly, but his mounting excitement drove all other thought from my mind. I slid my hands under his buttocks and drew him closer to me, moving my head up and down, and pressing my own wet opening tight against his knee. My head was swimming; my blurred sight registered a patch of sunlight on the yellow wall over and over again. I remember thinking irrelevantly that the rain had stopped. I could hear Ivan gasping and moaning above me.

This is the kind of stuff that one can find every month in the pages of *Penthouse's* "Forum" section; even the vocabulary rings familiar. Why then is this sort of literature encouraged by our government with generous grants?

Before asking the question, however, it becomes necessary to dispel an impulsive objection: that is, the emphasis on obscenity is somehow a Moral Majoritarian attack which imposes parochial moralities, and fails to recognize artistic license, and the plurality of our society. D. H. Lawrence and *Ulysses*, we are told, were once kept off the shelves for their alleged obscenity.

Critics of the National Endowment emphasize, however, that they are not objecting to obscenity *per se*, but rather the total lack of literary merit of the works funded, of which the prevalent obscenity is a *symptom*.[1] In other words, authors who have nothing to say ramble on about orgasm after orgasm until, totally exhausted, they stagger to Washington, D.C., to collect $10,000 from the federal government to revive themselves.

One must also distinguish between the "right to publish" and the "right to be funded." To qualify for the former, an American need only demonstrate that he exists (and philosophy may claim exemption from even this), but for the latter, he must prove that his work is, in a literary sense, worthwhile, "of exceptional talent" in the NEA's own words. We recognize that the relative merit of literature is subjective, but the difficulty of setting standards does not mean that there should be no standards at all. The right of an

1. Minerva Cannon, an internationally known poet and fellow of the International Academy of Poets, for example, states "it isn't the obscenity we object to. Erotica can be poetic, but this stuff is pure prurience. It is graffiti on a bathroom wall. We can't stop it, but we can stop paying for it."

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individual to free speech does not extend to the obligation of a newspaper to print his views, nor to the federal government to bankroll them.

Such literature emanates not only from NEA grant winners; it is also found in the published material of NEA judges. (The latter phenomenon may explain the former.) Of these charges of juror obscenity, former NEA panelist Lyn Hejinian says, "You can find c*ck, p*ss, and *ssh*le in Shakespeare or Henry James," but the violation is often so gross as to be almost self-evident.

Maxine Kunin, who sat on the NEA Advisory Panel for grants in 1977, and chaired that panel the year before, is responsible for the poem "Heaven as Anus," which ends thus:

It all ends at the hole. No words may enter
the house of excrement. We will meet there
as the sphincter of the good Lord opens wide
and He takes us all inside.

Michael Palmer, NEA grant judge in 1979–80, published *The Circular Gates* with Black Sparrow Press, which got $8,000 from the NEA in 1977 and $10,000 in 1978. It contains "Letter to Friends":

I also had a dream, early this morning
in which I murdered with an ax
or axe eight people I'd never seen before
In yesterday's dream it was only three.

and "An Object":

He said you will eventually drop it
and I did
It cost me fifty dollars and
fifteen to get fixed.

Suzanne Ostro Zavrian, a former NEA grant recipient, was on the NEA Literature Policy Panel in 1980. She helped set the criteria for grant awards, and some of the grants become understandable in the light of her own work. From *Demolition Zone*, published by New Rivers Press ($7,500 from NEA in 1977):

Then I dropped wax on your shoulder
and I should have said you really were the frog
I didn't even have time for the Sphinx's riddle
What has 3 legs, f*cks all night, and disappears?
An actor in someone's else's movie.

Another NEA judge, Dara Weir, writes in *Blood, Hook, and Eye* about a lady doctor who instructs a patient in the art of masturbation. Ms. Weir won a grant in 1979–80. And Jerome Rothenberg,

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1975-76 winner of $6,000 and 1980 NEA judge, observes in his poem "Song About A Dead Person—Or Was It A Mole?":

Yohoheyheyeyheyhahyeyeyhahheh
Yohoheyheyeyheyhahyeyeyhahheh
Yohoheyheyeyheyhahyeyeyhahheh
Yohoheyheyeyheyhahyeyeyhahheh
(eleven times)

Anne Waldman, 1979-80 NEA winner, published *Life Notes*, a collection of poems and Haiku:

LITTLE ONES
MIND
Arab on my mind
TRUE
My life recognized my life
TOO HARD
Soldiers:
we don't like it
one bit
SLEEP
Absolutely without regret
PATH
entirely even
EXTENTION 303
you're switched
CAR
no way off
MUSIC
without you:
nothing
NOTHING
I'm
SURVIVE
sure. . . .

And so on. Ms. Waldman has co-authored books with John Giorno, the intrepid author of *Sh*t, P*ss, Blood, Pus, and Brains* and *Drinking the Blood of Every Woman's Period*. Mr. Giorno is published by *Painted Bride Quarterly*, which got NEA grants of $700 in 1975 and $2,000 in 1977.

Gay Sunshine Press was awarded a $1,000 NEA grant in 1975 and $5,000 in 1977. It publishes, among others, Harold Norse, who got one of the 154 $5,000 NEA grants awarded in 1974. Mr. Norse is the author of *Carnivorous Saint*, whence cometh the poem "Quickies."

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Christ! my socks are torn
the bedsheets are dirty
the kitchen looks like the town dump
my feet are cold
the mail is dull
and faggots, faggots everywhere
but not a c*ck to suck!

No need for Mr. Norse to despair, however. From the poem "Allegro Vivace" in the same collection:

Suck off God each day and shove him
up your *ss and c*nt—that's
as holy as you'll ever be!
Thanks to the biblical scholar Professor Allegro
now it can be told
GOD IS COME.

NEA judge Lyn Hejinian said that NEA panelists are asked to focus exclusively on the work submitted by applicants when evaluating them for grants; this makes the rest of their work irrelevant to a their applicant dossiers. Mrs. Hejinian said she did not remember seeing some of the more risque poems quoted above when she looked at the 1979-80 NEA applications. This allowance of selectivity on the part of the applicant, she said, may explain criticism that the NEA funds obscenity.

Ron Padgett said it was "outrageous" to consider vulgar language in an assessment of the panel of the applicants. "The question of four-letter words is irrelevant and, I think, Neanderthal," he said, adding, "It's not up to John Q. Public to decide whether a manuscript has redeeming value. Nobody is begging him to go and read Peter Orlovsky."

Nevertheless, it is John Q. Public who is subsidizing Mr. Orlovsky—paying via federal grants, that is, for whatever hamburger and pickles Mr. Orlovsky consumes in between artistic spurts. As long as the government is sponsoring art, the public has a right to at least some say about the kind of art being funded.

Ron Padgett dismisses much of this criticism. "Virtually every time the grants are announced there is an outcry," he explains. "A lot of people who are disappointed about the grants are disappointed writers. They don't win, and so they complain." But as we shall see, there are other reasons for complaint.

Dinesh D'Souza
To be continued.

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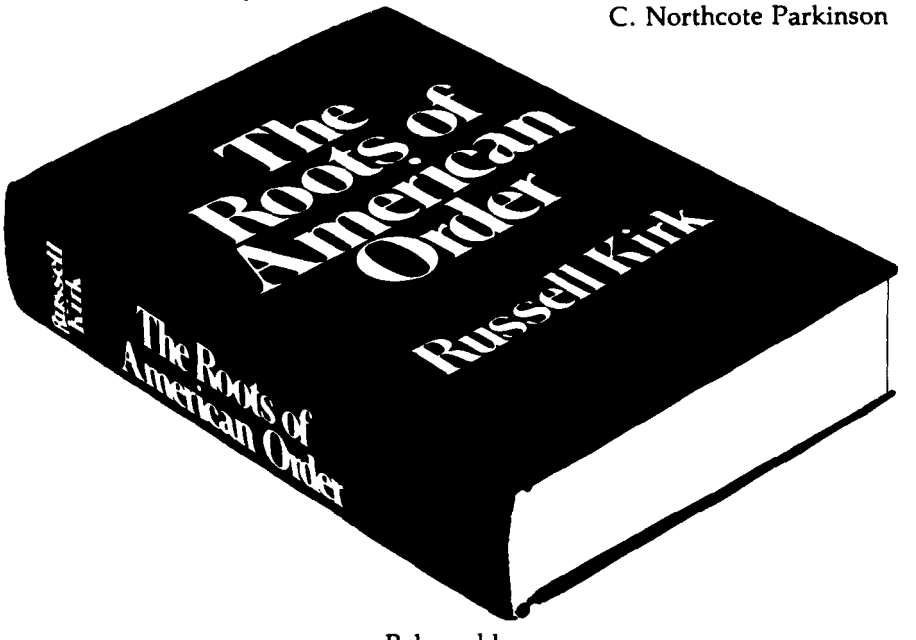

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ANTHONY EDEN: A BIOGRAPHY. *By David Carlton.* (Indiana University Press, Bloomington, 1981)
THE EISENHOWER DIARIES. *By Robert H. Ferrell.* (Ed.) (W.W. Norton, New York, 1981)

In the diaries of "Chips" Channon, the Anglo-American socialite and parliamentarian, there is a wry little tale which casts a tiny searchlight on the West's relations with Poland. Attending the first big society wedding in London after the end of the war, he remarked to Lady Cunard how quickly London had recovered from wartime gloom. Pointing to the glittering throng, he added, fatuously: "After all, this is what we have been fighting for." "What!" said Lady Cunard, "are they all Poles?" The truth is, by the end of the war, not many people even in Britain, let alone among the other Allies, remembered that Britain had declared war on Germany in 1939 precisely to preserve the integrity and independence of Poland. In the excitement and confusion of "victory," few cared to draw attention to the fact that this primary war aim had not been secured.

The publication of a substantial political biography of Anthony Eden, based on the mass of diplomatic papers now available, provides a fresh opportunity to examine how exactly Poland was abandoned, and who was responsible. Of course the Polish issue cannot be seen in isolation. Eden and Churchill were painfully conscious in 1944–5 that they were engaged in a re-drawing of the map of east-central Europe which might well last for several generations, and that they were doing so in very unfavorable circumstances. Britain was already, in military terms, a very junior member of the triumvirate and was virtually at the end of her physical resources. The Red Army, in overwhelming strength, was now moving rapidly into central Europe, and was likely to remain there long after the Americans had gone home. In these circumstances, there was no question of forcing a settlement on the Russians: they had to be willing and satisfied parties to any lines that were drawn. Both Churchill and Eden knew in their hearts this was true. But the record makes it clear that Churchill was always inclined to fight against the logic of Allied weakness, had a much clearer grasp of the long-term power factors and leapt at any opportunity to exploit the few physical advantages we possessed.

A case in point was the Russian demand that all Soviet citizens in Allied hands—some refugees, some released prisoners-of-war, some captured fighting in the Germany armies—be repatriated, whether or not they wished to return to Russia. The documents show that at first Churchill and his cabinet colleague Lord Selborne objected strongly to handing over the men, who were certain to be dealt with harshly and very likely murdered. But both allowed their objections to be overruled by the cabinet as a whole, at Eden's insistence. According to

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David Carlton, the latter showed "clarity of mind" and "decisiveness" in "supporting so unpleasant a necessity," and persuaded Churchill to recognize that "repatriation was a *sine qua non* for any bargain with Stalin over the future of east-central Europe."

On the substance of the post-war settlement, however, Churchill tended to be much more realistic. Over Poland he knew he held no cards at all and during the Moscow negotiations of October 1944 he was really bluffing in his insistence that the leader of the London Poles, Stalislaw Mikolajczyk, come with him. He thought that the further west the Polish frontiers were drawn the less likely it was that Stalin would insist on dominating Poland as a buffer-state. Eden failed to grasp this point and fought a stubborn rear guard action to keep the town of Lvov for the Poles. Dr. Carlton describes him returning to the British Embassy, after a long day of haggling with Molotov, and asking his colleagues: "If I give way over Lvov, shall I go down in the history books as an Appeaser?" It was a silly question, and still more foolish to ask it aloud. It illustrates Eden's recurrent inability to distinguish between essential and marginal issues—an inability which was to dog him to the end of his political career. What mattered was not the extent of Poland's territories but what sort of government controlled the Polish heartlands. The essential argument was not about frontiers but spheres of influence.

Churchill understood this point very well. Hence the famous "naughty document," as he termed it, which he presented to Stalin at their first meeting in Moscow in October 1944, setting out the percentages of "interest" of the Great Powers in Rumania, Greece, Yugoslavia, Hungary, and Bulgaria. In his memoirs, Churchill says that Stalin simply "took his blue pencil and make a large tick upon it, and passed it back to us." In fact minutes taken at the time, and now available, show that there was some argument about the percentages, first by Stalin and later by Molotov in discussion with Eden, who was clearly queasy about the whole business. This indicates that the Russians took it seriously, and that Churchill had hit upon the right way to deal with them. Unfortunately, it was purely a bilateral agreement, since not even Roosevelt, still less Congress, could be a party to a "spheres of interest" deal. According to Dr. Carlton, Churchill considered sending Stalin a formal letter, confirming the percentage splits, with a copy going to Roosevelt. But Averell Harriman persuaded him this would be a foolish idea, which would make a very bad impression in Washington. So the deal had no validity, even as an informal agreement. Nevertheless, it came closer to the foreseeable realities than anything hitherto agreed with Stalin.

Churchill did not include Poland in the percentage list probably because he felt in his bones that it was already a lost cause. As he put it in his memoirs, "terrible and even humbling submissions must at times be made to the general aim." Czechoslovakia was also omitted, as it was still an open question whose troops would get their first. The same applied to Hungary, where Churchill got a fifty-fifty split. In Yugoslavia, also divided fifty-fifty, Churchill seems to have reasoned that if Tito made good his claim to control the country he would for this very

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reason be able to act independently of the Russians—an accurate prediction.

The only country where Churchill insisted the West, indeed specifically Britain, should have a clear predominance (90 percent) was Greece. It is possible in fact that the whole object of the "naughty document" was to secure Stalin's informal agreement to giving Britain paramountcy in Greece, the only country where British troops were already present in strength (Athens was liberated on October 14) and where the West therefore had a good chance of preventing a Soviet-backed regime coming to power. This was why Churchill was willing to bow to Eden over repatriation, and to give Russia preponderance in Rumania and Bulgaria without argument. As he wrote to Eden on November 7: "In my opinion, having paid the price we have to Russia, for freedom of action in Greece, we should not hesitate to use British troops." Eden, as usual, did not quite follow Churchill's realistic line of argument. Hence when civil war broke out in Greece on December 4, he left it entirely to Churchill, on his own initiative—he did not consult Roosevelt or his own War Cabinet to issue orders for British troops to intervene and so save Greece from Stalin.

Pierson Dixon, who was present, recorded in his diary that Churchill rejected the Foreign Office drafts of telegrams of instruction to the British diplomatic and military authorities in Greece:

> He thought them not nearly strong enough and held that the time had come to order General Scobie to take over law and order and to disarm the ELAS by force. He cleared this on the telephone with Anthony, who was going to bed, and then settled down to draft his instructions, sitting gyrating in his armchair and dictating on the machine to Miss Layton, who did not bat an eyelid at the many blasphemies with which the old man interspersed his official phrases. He was in a bloodthirsty mood, and did not take kindly to suggestions that we should avoid bloodshed if possible...

The key words in the telegram to Scobie were: "We have to hold and dominate Athens. It would a great thing for you to succeed in this without bloodshed if possible, but also with bloodshed if necessary." These clear orders were successfully executed.

Hence Churchill, without much help from Eden—or anyone else—saved the Greek brand from the burning. It was the only one but it was to prove very important. Churchill had always tended to be a Mediterranean strategist, and he reasoned that if Greece remained attached to democracy and the West it might be possible, whatever happened in Yugoslavia, to deny the Russians any real power-base in the Mediterranean. Keeping Greece outside the Soviet grasp made it much easier to save Italy, where the Communist Party was already strong and armed, and whose future alignment remained in doubt until the critical elections of April 1948. As a result of Churchill's foresight and firmness, the Mediterranean remained largely a western preserve for the whole of the next generation. This, in turn, made it possible, for the West to counter and thwart Soviet attempts to penetrate the Middle East and acquire control of its oil reserves. A great deal, therefore, hinged on Greece, as Churchill realized at the time. It is ironic that the

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Greek Prime Minister who was rescued by Churchill's "bloodthirsty" telegram was Georgios Papandreou, whose son, Prime Minister in turn, is now seeking to weaken the American guardianship, inherited from Britain, which has kept Greece out of Soviet hands ever since. But then men are so seldom inhibited from folly by the study of history.

It is also ironic that, at the time, the opposition to Churchill's decisive move came not from the Russians but from the Americans. Edward Stettinius, one of the weakest Secretaries of State in American history, actually issued a public statement deploring British interference. This, alas, was typical of the Roosevelt era. From first to last, Roosevelt's approach to Russia contained a large element of amateurishness, not to say frivolity. Unlike Eden, who was sometimes over-optimistic and deceived, Roosevelt deliberately chose not to be well-informed on Russia. He inherited a first-class Moscow embassy, which was thoroughly conversant with Stalin's doings and aims, and clear-headed as to how America ought to respond to them. It was backed up by an excellent Division of Eastern European Affairs in the State Department which, on the admission of Litvinov, the Soviet Foreign Minister, had better records on Soviet foreign policy than the Russian government itself. Roosevelt chose to send out to Moscow one of his big campaign contributors, Joseph Davies, perhaps the worst ambassador ever to represent America in a major embassy. Davies spent most of his time living on his yacht at Leningrad and buying art treasures from the Soviet government at suspiciously low prices. His comments on Stalin were beneath contempt ("His brown eye is exceedingly wise and gentle. A child would like to sit on his lap and a dog would sidle up to him") and, to the best of his limited abilities, he carried out Roosevelt's orders to make a friend of Stalin at any cost. Five months after he arrived in Moscow, the Eastern European Affairs Division was abolished, its library dispersed, and its files destroyed. The embassy professional staff was ignored. As George Kennan, who was then serving in Moscow, put it: "...the President knew nothing about, or cared nothing for, what we had accomplished in building up the embassy in Moscow."

In his ignorance and vanity, Roosevelt seems to have believed that professional experience in dealing with one of the most ruthless tyrannies in history was quite irrelevant. In this respect he bore a curious resemblance to Neville Chamberlain, who foolishly supposed that he could build up a personal relationship of trust and understanding with Hitler. Roosevelt wrote to Churchill in March 1942: "I know you will not mind my being brutally frank when I tell you that I think I can personally handle Stalin better than either your Foreign Office or my State Department.... Stalin hates the guts of all your top people. He thinks he likes me better and I hope he will continue to do so." Roosevelt seems to have retained this absurd illusion until shortly before his death. He devised procedures for by-passing the State Department in his dealings with Russia, and he refused to coordinate with Churchill British and American tactics before the Yalta conference. He tended to treat Britain and Russia, and for that matter Churchill and Stalin, on terms of moral equality. As a result, America's real power was

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never displayed at Yalta, and Stalin got the impression—probably correctly—that Roosevelt did not really care about the Poles.

It is likely, of course, that Poland would have become a Soviet satellite anyway. Roosevelt made the process certain and easy. At Yalta, as Eden had expected, the Russians insisted that the "Lublin Committee," which they controlled, should form the core of the new Polish government, but they agreed to hold discussions about adding further names "from within Poland and from abroad." It is clear from the documents, as Dr. Carlton says, that Eden "fought hard to secure better terms in a confrontation with Molotov but he was effectively defeated when Stettinius refused to back him up." Roosevelt could not ensure that the Russians would allow free elections in Poland, as they glibly promised, but he could have insisted that western teams be allowed to supervise and observe the polling. Instead, he settled for a Russian signature for a pathetic document called the "Declaration on Liberated Europe," which merely promised freedom in vague terms—a characteristic Roosevelt option for rhetoric as opposed to realities. When Admiral Leahy, the most hard-headed member of Roosevelt's team, protested to him that the agreement on Poland was "so elastic that the Russians can stretch it all the way from Yalta to Washington without ever technically breaking it," Roosevelt replied: "I know it, Bill—I know it. But it's the best I can do for Poland at this time." That was not true. Churchill used almost the same phrase about the Yalta agreement on Poland ("the best I could get") and this was nearer the mark in his case. But by January 1945 Britain was powerless to insist on anything without full American backing. As Churchill minuted to Eden:

> It is beyond the power of this country to prevent all sorts of things crashing at the present time. The responsibility lies with the U.S. and my desire is to give them all the support in our power. If they do not feel able to do anything, then we must let matters take their course.

There is some evidence that Roosevelt was beginning to see the light about Russia's real intentions immediately before he died on April 12, 1945, though his last cable to Churchill, almost his last act, read: "I would minimize the general Soviet problems." As soon as Truman took over and got himself properly briefed, he began to strike quite a different note. By mid-April it was clear that the Russians were breaking the Yalta agreement on Poland, such as it was, and on April 23 Truman summoned Molotov to Blair House, where the new President was still living, and bawled him out. Molotov replied, indignantly: "I have never been talked to like that in my life." Truman's reply was: "Carry out your agreements and you won't be talked to like that."

American acceptance of the fact of the Cold War is often said to date from this exchange. Alas, that is not quite true. Truman had the right spirit but he was still woefully ignorant on many things, was surrounded by some of Roosevelt's worst advisers, and had inherited policies of indifference or surrender on many critical issues—policies which were only slowly reversed. Both at the San Francisco conference and at Potsdam, America continued to appease Stalin.

In any case, by the time Truman took over it was too late to alter

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substantially the balance of power in east-central Europe since it had been essentially settled by the respective penetration of the Anglo-American and Russian armies. So long as Roosevelt was President there was no possibility of Churchill persuading him to bring pressure jointly on the western commanders to shape their forward strategy with a view to post-war politics. Field-Marshall Montgomery maintained to his dying day that the Anglo-American forces could have taken Prague, Vienna, and possibly even Berlin before the Russians. That in itself would have had a decisive impact on the fate of Czechoslovakia, and possibly Hungary too. But then Montgomery thought that the war in the West could have been won in 1944 had not General Eisenhower stubbornly insisted on a "broad front" strategy, which was safer but slower. The publication of Eisenhower's diaries does not alter the strategic argument one way or another. All they show is that the decision was taken on military grounds alone. At any rate until December 23, 1944, when the diaries cease for a year, there seems to have been no political pressure on him to speed up his advance into central Europe for political purposes.

Nor is this surprising. Eisenhower's only "political" concern, until he became Chief of Staff late in 1945, was to ensure the maximum co-operation with the Soviet armies. Right up to the Nazi surrender they were engaging many more German divisions than his own and suffering much heavier casualties. Any hint that the Anglo-Americans were starting a race for territory and cities would, in his view, have been fatal to overall Allied military strategy. In any case, the American service chiefs were obsessed with the daunting prospect of invading Japan and the appalling American casualties this would involve. They considered it vital that Russia should declare war on Japan, in the hope that this might induce the Japanese to surrender. With this object in view they were not only hotly opposed to any "politicization" of the campaign in Europe but brought pressure to bear on Roosevelt, before and during Yalta, to make very substantial concessions to Russia in return for a declaration of war. These concessions, the real Yalta giveaway, which made possible Soviet penetration of Manchuria, undoubtedly helped Mao to overcome the Kuomintang after the war. At the time, Eden warned the American government that the Communization of China was a distinct post-war possibility. But Churchill, so anxious to increase American involvement in Europe, felt he could not go against their wishes in the Far East. It was, he wrote, "an American affair... to us the problem was remote and secondary."

These two books make melancholy reading in the light of recent events in Poland. In 1945 the United States was at the very peak of its military and economic strength *vis-a-vis* the rest of the world, Russia included. Thanks to the illusions of American policy, for which Roosevelt was mainly responsible, this strength was not reflected in the post-war settlement, either in Europe or in Asia, and the consequences are with us yet. Yet one can't help reflecting whether, in the very long term, Allied mistakes in 1945 really benefited the Soviet regime. Which is the greater liability to Russia today: the Communist Poland which emerged from the Yalta duplicity, and which is now

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bankrupt and ungovernable, or the neutral Poland (on the Finnish model) which Churchill wanted and might, with Roosevelt's help, have secured? Again, which neighbor would Russia prefer in the East: a feeble, Kuomingtang-type China, no doubt by now even more divided and distressed than India, or the independent Communist China, armed with nuclear weapons and ferociously hostile to Soviet aims in Asia, which eventually emerged from the Yalta matrix? Musing on these might-have-beens, one wonders whether the Soviet elite, who must themselves reflect on the record of 1944–5 from time to time, ever curse Stalin for his successful greed.

Paul Johnson

Two Faces of Judicial Review

A BLUEPRINT FOR JUDICIAL REFORM. *Edited by Patrick B. McGuigan and Randall R. Rader.* (Free Congress Research and Education Foundation, Washington, D.C., 1981)

ECONOMIC LIBERTIES AND THE CONSTITUTION. *By Bernard H. Siegan.* (The University of Chicago Press, Chicago, 1980)

The United States Supreme Court has, by almost any measure, done a poor job during the last fifty years. Instead of deriving and applying "neutral principles" of constitutional law, it has allowed important provisions of the Constitution to wither away, while finding (some would say contriving) "meaning" in provisions where, as a matter of history and intent, none existed. Instead of affording ultimate resolution to "cases and controversies" within its jurisdiction, it has engendered bitterly divisive and emotional disputes over basic social issues. Instead of articulating a coherent and durable body of law, in the nature of *stare decisis*, from which guidance, public confidence, and institutional legitimacy can be drawn, the Court has strained precedents to the breaking point, has issued incomprehensible, Delphic opinions, and has reversed its doctrinal course abruptly and frequently enough to invite profound skepticism, even cynicism, concerning the role of the judiciary in a democratic society. Does it bode well that many persons, lawyers and laymen alike, believe that the decisions of the Supreme Court represent nothing more than the unbridled, personal predilections of five (unelected) justices? Given the "supremacy" of the Constitution over legislation and executive acts, who decides whether a particular statute is unconstitutional? If this function is assigned to the judiciary, via the doctrine of final "judicial review" of legislative and executive acts, what happens if the legislative and/or executive branches of government believe the Supreme Court has acted unconstitutionally? Who, in short, guards the guardians?

Two recent books elucidate this issue—perhaps the most important

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topic of current political debate—from fundamentally different perspectives. The first volume, *A Blueprint for Judicial Reform*, reflects the contemporary reaction to the judicial activism of the Warren and Burger Courts, and a pragmatic concern that President Carter's appointment of an unprecedented quantity and quality of liberal, life-tenured federal judges has, as George Gilder points out in his Foreword, "established activist domination of the federal judiciary for decades to come." Published and edited by the Free Congress Research and Education Foundation, this collection of twenty-two individually-authored essays critically examines recent Supreme Court decisions and proposes major (some would say radical) reforms of the federal judiciary. In light of the many statutory restrictions on federal court jurisdiction and venue pending before Congress, this book is timely; with copious footnotes and bibliographic references, it is informative as well. The contributors to *A Blueprint for Judicial Reform*, including prominent conservative politicians (for instance, Senators Orrin Hatch, John East, Charles Grassley, and Alan Simpson), academic figures (such as, Thomas Sowell, Charles Rice, William Harvey, and Jules Gerard), public interest lawyers, and assorted congressional staffers, have many justifiable grievances against the reign of the "Imperial Judiciary" we have suffered during the last quarter century. Even retired Democratic Senator Sam Ervin, in the book's opening essay, warns of the dangers of constitutional verbicide and judicial activism to our representative political system.

Indeed, under the leadership of Chief Justice Earl Warren (1953–1969), the Court acquired its well-deserved reputation for judicial activism by "recognizing" sweeping constitutional rights where none had previously been thought to exist. Using the equal protection and due process clauses of the Fourteenth Amendment, as well as "penumbras and emanations" of other constitutional provisions, the Court in recent years has radically transformed the criminal justice system into a virtual thicket of rights, duties, and exclusionary rules. The Court has also created a constitutional right to abortion, put a constitutional gloss on individuals' "entitlement" to welfare and social benefits, resurrected archaic Reconstruction Era statutes as a vehicle for private lawsuits to redress discrimination and other "constitutional torts," placed all state legislative apportionment under its review, expanded the establishment clause of the First Amendment to prohibit most government involvement with religion (including public school prayer and aid to parochial schools), and usurped local autonomy over education by mandating "remedial" measures such as affirmative action and busing. Simultaneously this onslaught of novel and dubious constitutional rights (calling this movement an enlargement of individual liberties ignores the diminution of competing values), the Court was busy paring down procedural and jurisdictional limits on its power. Thus, fewer and fewer cases were avoided as "political questions" or for reasons such as the plaintiff's lack of standing, the mootness of the issue presented, and so forth.

This list is by no means definitive; the contributors to *A Blueprint for Judicial Reform*, like critics such as Philip Kurland, Lino Graglia,

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Herbert Wechsler, Alexander Bickel, Raoul Berger, and Nathan Glazer before them, identify and excoriate the gamut of recent Supreme Court decisions from *Griswold v. Connecticut* (1965) (creating an undefined right of sexual privacy) through *Miranda v. Arizona* (1966), *Roe v. Wade* (1973) (creating a right to abortion) and *Bakke v. Board of Regents* (1978) (validating so-called "reverse" racial discrimination by governmental entities). And these decisions *should* be excoriated, for they are plainly wrong, as an increasing number of "revisionist" legal scholars are coming to realize. (In the hundreds of articles written about *Roe v. Wade*, for instance, only a handful attempt to defend the appalling result, and fewer still are willing to embrace the Court's untenable rationale—a true abortion of logical and principled reasoning.)

Although the contributors to *A Blueprint for Judicial Reform* address legal and political issues peripheral to the subject of judicial review, the book overwhelmingly focuses on the role and performance of the federal judiciary. California State Senator John Doolittle and Dean William Harvey take a somewhat different tack, emphasizing the structural importance of our federal system and urging a restoration of political power from the national government to the states. Professor Charles Rice laments the current state of legal education, in which the subject of Constitutional Law is taught—for the most part by young, Ivy League-educated, political liberals—as a course in Applied Social Engineering. Grover Rees III effectively harpoons the American Bar Association for its chameleonic adoption of inconsistent and often controversial public policy positions. In an erudite essay, Dr. James McClellan argues that the First Amendment, far from precluding state involvement with religion, was intended to *guarantee* the states' right to such entanglement from federal interference. William Ball's companion piece on the free exercise aspects of the First Amendment is equally learned and provocative.

Yet the solutions proposed in this uneven volume are severe and should be soberly considered. Some of the proposals—for example, curbing the Legal Services Corporation and other governmental subsidies of ideological "public interest litigation"; abolishing affirmative action, political contribution limits, and the Federal Election Commission; intensifying Senate scrutiny of federal court and Supreme Court nominees prior to confirmation; constricting the delegation of legislative authority to administrative agencies; requiring all federal agencies to employ cost/benefit analysis; drastically reducing the "remedy" of busing school children to attain racial "balance"; and, perhaps, even the selective withdrawal of federal court jurisdiction from "diversity cases" and particularly sensitive areas of public policy suited to local, popular control—are reasonable attempts to restore equilibrium to our system of checks and balances by reclaiming proper legislative and executive prerogatives which have been abdicated or usurped. Proposals that seek to alter the fundamental structure of our constitutional scheme—such as complete congressional control of federal court jurisdiction; and constitutional amendments to abrogate life-tenure for federal judges (including Supreme Court justices), to override Supreme Court decisions and remove federal court judges by

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a designated super-majority of Congress, and even to require popular "retention" elections or periodic re-appointment of federal judges—in contrast, display a dissatisfaction not with particular Supreme Court decisions, but with the institution of an independent federal judiciary—the very concept of judicial review accepted since *Marbury v. Madison* (1803).

Unfortunately, there is a tendency among conservatives to overreact to the Warren Court activism, particularly to decisions affecting moral and religious issues. The articles by William Stanmeyer and Jules Gerard evidence this preoccupation, and the resulting rhetoric betrays a myopic hostility toward any form of meaningful judicial review. This is ironic because anti-majoritarianism has long been a tenet of conservative (or, more accurately, classical liberal) dogma; individual rights, in particular *property* rights, are susceptible to abuse from unrestrained, hostile majorities. Thus, prominent conservative figures such as Russell Kirk, Felix Morley, and Gottfried Dietze have approvingly pointed out that the Constitution is an undemocratic document, intended to protect individual rights from "pure" popular government and majoritarian despotism. In this scheme, judicial review is structurally necessary to ensure economic and political freedom.

Yet Professors Stanmeyer and Gerard, blinded by the undeniable abuses of the Warren and Burger Courts on issues such as abortion, obscenity, and busing, would emasculate judicial review and defer almost totally to legislative decisions. "At the center of the problem of the Supreme Court's free-wheeling jurisprudence," Professor Stanmeyer states, "is the ultimate structural flaw: it is judge in its own case." What to do? "What we must do is equalize the courts and the people. . . [W]e must develop a way for the people to *reverse* the Court when it has overstepped its bounds, . . . when *it* has 'acted unconstitutionally.' " Similarly, Professor Gerard argues that "a wholesale revision of Article III is the only truly effective way of imposing a democratic check on the antidemocratic courts." He continues, "A federal judge in his courtroom is the closest thing to an absolute dictator in today's world." I respectfully disagree.

Ideally, the Constitution embodies rights and the federal courts are the guardians of those rights. Unbridled majoritarianism can be far more tyrannical than errant "government by judiciary." Individual rights are not absolutely secure against either, but resolving doubt in favor of individual liberties, especially in the vital spheres of property rights, self-ownership, and freedom to contract, produces a *market* resolution, which by definition is voluntary and non-coercive. Even conceding the lamentable, but by no means inevitable abuses of judicial activism, we have no alternative to final review by a federal judiciary insulated from popular control unless we are willing to discard the presumption—inherent in our Constitution—that individuals possess rights as against the ubiquitous majority: the State. As bothered as I am about liberal federal judges and all that, the answer is not to throw out the baby with the bath water. I continue to believe that individuals are, under our Constitution, presumptively and naturally free, and that only an independent judiciary serving as a passive check on the

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authority of transitory, elected officials can serve as a bulwark to ensure that freedom. We simply cannot assume that the state, whether operating as a simple elected majority or, as Professors Stanmeyer and Gerard propose, as an elected super-majority, will always (or even often) make the correct decision. Political majorities, after all, have enacted minimum wage and other legislation that has destroyed job opportunities for marginal workers, have created a welfare state Leviathan which threatens to bankrupt those citizens it hasn't mired in a permanent underclass, have, in short, inflicted upon the domestic economy a debilitating and coercive system of statist, antilibertarian intervention and control.

Senator Orrin Hatch's denunciation of *Fullilove v. Klutznick* (1980) (validating 10 percent quota requirements in federal contracting) highlights the paradox of Professors Stanmeyer's and Gerard's position. Senator Hatch, certainly no liberal, realizes that when genuine constitutional interests are at stake, legislative errors must be corrected, if at all, through judicial action. Likewise, Pacific Legal Foundation Deputy Director Raymond Momboisse urges that the present presumption of validity for administrative agency actions be revised to allow plenary judicial review, indicating an awareness that, all things considered, judicial review is better than no review. As Senator Charles Grassley correctly points out, "the best way to prevent 'judicial legislation' is not through structural changes in the federal judicial system, but through the appointment of judges who really believe the Constitution means what the Framers intended it to mean." The dilemma arises in distinguishing authentic constitutional rights from spurious, contrived rights—the subject of the second book.

Professor Bernard H. Siegan's *Economic Liberties and the Constitution* is a brilliant examination of the origins and development of individual liberties under our Constitution. Like his classical liberal predecessors, and like the Framers themselves, Professor Siegan distrusts popular, representative rule because of the inevitable conflict between majority desires and individual rights. Professor Siegan's careful study of colonial history, the "natural law" underpinnings of our constitutional heritage, and accounts of the Framers' debates during the Constitutional Convention, reveals that the Constitution, a social compact, was intended primarily to protect individual liberties, particularly property rights, from hostile political majorities. The Framers' political philosophy was heavily influenced by natural law concepts and theorists such as John Locke, who posited that

> [A] major function of government was protecting and preserving property rights. The leading constitutional Framers, believing that these rights have a tenuous position under representative government, often asserted on the Convention floor the necessity of protecting them.

Those Framers, such as Alexander Hamilton and James Madison, "who feared legislative or majoritarian tampering with property rights considered the judiciary to be the branch of government that would guard owners' interests." Thus, Professor Siegan states, the Constitution created a life-tenured, nonrepresentative judicial branch, prohibited the taking of private property for public use without just

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compensation, forbade the deprivation of liberty and property without due process, prohibited the passage of *ex post facto* statutes affecting civil relations, and proscribed state laws which impaired the obligation of contracts.

Professor Siegan's historical, economic, and libertarian critique of legislation that burdens property rights and related economic liberties (such as the freedom of individuals to enter into mutually voluntary contracts for the sale of their labor) reflects his "Chicago School" economic background as well as his keen understanding of the epistemological link between unfettered economic relations and political freedom. The genius of the Framers was their prescient recognition that the principal end of government is the preservation of individuals' right to acquire, possess, and dispose of property. In this constitutional framework, the most important component of individual liberty, aside from property rights themselves, is "freedom of contract," the right of naturally autonomous and free actors to form voluntary agreements with other actors so disposed.

To Professor Siegan, therefore, the epochal event in modern times was not the Warren Court, or *Roe v. Wade*, but the judicial validation of the New Deal legislation of the 1930s and 1940s. Professor Siegan's book demonstrates that the costs of this validation were intolerably high, and that an equally dramatic reversal is called for.

The New Deal, prompted in large part by the erroneous perception that the Great Depression represented the failure of the "free enterprise system" (when in fact, as Dr. Milton Friedman and others have demonstrated, the Depression was caused by defective federal monetary policies), rejected the tenets of eighteenth-century liberalism which had formed the original basis of our political system, in favor of a revolutionary regimen of statist intervention and centralized economic regulation. Myriad voluntary economic activities were prohibited. While title to private property remained nominally with the individual owner, the use and enjoyment of property were severely restricted. The legislative program designed and implemented by President Roosevelt, with the obliging participation of a Democratic Congress, was blatantly unconstitutional, a radical departure from any conception of limited government and paramount individual rights. Yet after initial constitutional skirmishes over the National Industrial Recovery Act in 1935, and the Agricultural Adjustment Act and Guffy-Snyder Coal Conservation Act in 1936, the Court threw in the towel and, with *West Coast Hotel v. Parrish* (1937), began its present course of rubber-stamping virtually any legislation concerning business or economic affairs. How did this transmutation of *laissez-faire* individualism into collectivist central planning occur? What happened to the anti-majoritarian judicial check on legislative excesses?

The short answer is that following President Roosevelt's unprecedented attempt to "pack" the Supreme Court in 1936, Justice Owen Roberts, a critical swing vote, began siding with the liberals on the Court. The conservative "Four Horsemen," Justices Van Devanter, McReynolds, Sutherland, and Butler, soon died or retired. President Roosevelt filled these vacancies with ardent New Dealers such as Hugo

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Black and William Douglas, who would subvert the true meaning of the Constitution throughout their careers.

While many constitutional doctrines and developments contributed to the "success" of the New Deal—such as the expansion of the "commerce clause" grant of congressional power to encompass virtually all private activity, and the erosion of the "delegation doctrine" which had prohibited Congress' delegation to administrative agencies of law-making and adjudicatory functions—the most significant feature was the Court's abandonment of the Fifth and Fourteenth Amendments' "substantive due process" concept. This notion, implicit in Supreme Court decisions from the very beginning, formally emerged in *Allgeyer v. Louisiana* (1897) and ended with *West Coast Hotel v. Parrish* (1937). The "substantive due process" doctrine created substantive rights from the constitutional admonition that a person shall not be deprived of "life, liberty or property without due process of law."

Lochner v. New York (1905) has come to symbolize the Court's recognition of economic liberties, usually denominated "freedom of contract," as an unenumerated aspect of constitutionally-protected property rights. The *Lochner* decision, which Professor Siegan exhaustively analyzes, struck down as unconstitutional a New York law which decreed that no baker could work more than ten hours a day or sixty hours a week. The prophetic reasoning of the *Lochner* Court inspires admiration for its respect of individual liberties guaranteed by the Constitution:

> The statute necessarily interferes with the right of contract between the employer and employees, concerning the number of hours in which the latter may labor in the bakery of the employer.... The right to purchase or sell labor is part of the liberty protected by [the Fourteenth Amendment.]...It is a question of which of two powers or rights shall prevail,—the power of the state to legislate or the right of the individual to liberty of person and freedom of contract.... We think the limit of the [state's] police power has been reached and passed in this case.... If this statute be valid,...there would seem to be no length to which legislation of this nature might not go.

Legal academicians hostile to capitalism and freedom scorn the *Lochner* decision as a "discredited" example of judicial law-making. To Professor Siegan, however, the *Lochner* doctrine represents the classic function of an independent judiciary protecting individual rights from a misguided and/or hostile majority of voters. "Absent judicial review, the legislatures and regulatory agencies will determine with finality when and under what conditions individuals will be allowed to pursue a business, trade, occupation, or profession," with disastrous and perverse consequences.

The critics of *Lochner* worship at the shrine of Justice Holmes' dissent. Justice Holmes, the heralded "legal realist," perceived the inviolability of freedom of contract—a constitutional rule manifesting the Lockean principle, which the Framers unquestionably embraced, that property rights are the most important component of individual liberty—as "an economic theory which a large part of the country does not entertain." This, one would suppose, is all the more reason for

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judicial invalidation of burdensome legislation. Justice Holmes' willingness to allow the voters of New York, in effect, to enslave the bakers of New York springs from his refusal to equate economic freedom with individual liberty—a philosophical and constitutional fallacy. In a passage celebrated by contemporary New Class positivists, but repugnant to the precepts of classic liberalism, Justice Holmes stated that "a Constitution is not intended to embody a particular economic theory, whether of paternalism and the organic relation of the citizen to the state or of *laissez faire*. It is made for people of fundamentally differing views...." Unfortunately, Justice Holmes' position has come to prevail.

With the abandonment of the *Lochner* doctrine in 1937, the Court abdicated meaningful judicial review of state and federal legislation affecting individuals' property and economic rights. Under the "rational basis" standard of scrutiny, virtually any legislation must be upheld. Since 1937, then, the only practical impediment to majoritarian abrogation of economic liberties has been the moderation of the populace. The wholesale (and escalating) move toward egalitarian leveling in recent years teaches us that this "constraint" affords no protection whatsoever. Surveying hundreds of decisions, Professor Siegan argues—eloquently and persuasively—that the Court's creation of an artificial dichotomy between economic liberties (which are accorded minimal judicial solicitude) and "fundamental rights" such as expression, privacy, and travel (which elicit "strict scrutiny" by the Court) has resulted in reduced economic freedom and unsatisfactory Supreme Court treatment of "hybrid" subjects such as commercial speech. The unacceptable doctrinal dichotomy between material (i.e., property) and nonmaterial (i.e., individual) rights, the vagaries of unbridled majoritarianism, and the pernicious effects of economic regulation can only be resolved, in Professor Siegan's view, by re-establishing meaningful judicial review of economic legislation. "Substantive due process obligated the judiciary to secure essential individual freedoms and not to abdicate this constitutional responsibility to the legislature. This concern is as appropriate and necessary today as it was then."

Many conservatives, reacting to the excesses of the Warren Court, are reluctant to expand the sphere of judicial review. In all areas, they believe, the Court should exercise "judicial restraint," that is, deference to the legislature. This is a tragic and short-sighted mistake. Conservative critics of the *Allgeyer-Lochner* line of cases—and this group includes (among others) Professor Gerard, Justice William Rehnquist, and, judging from his widely-noted, October 29, 1981 address to the Federal Legal Council, Attorney General William French Smith—erroneously equate *Lochner* with the illegitimate judicial activism of *Griswold* and *Roe v. Wade*. The distinction is simple: the Framers intended to embody economic liberties in the Constitution but did not intend to create a "right" to use contraceptives or have an abortion. It is the institutional duty of the Court, in our system of government, to protect and enforce authentic constitutional rights. That spurious rights have been contrived, and valid rights ignored, calls for better judicial appointments, committed to a faithful interpretation of the Constitution, not the destruction of judicial review.

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Moreover, as a passive check on legislative and executive actions affecting economic liberties, the pre-1937 Court did not wrest power unto itself, but conferred it where it belongs—to individuals in a free market. Professor Siegan calls for a modified variety of review, which would neither enlarge the proper domain of the judiciary nor detract from the proper domain of the legislature.

Another conservative critic—apparently intending to be ironic—charges that Professor Siegan's thesis assumes that

> FDR replaced a bunch of "sound" justices with "defective" ones, somewhat in the manner of changing sparkplugs, and that this has caused the Supreme Court to misfire and malfunction ever since. To restore proper functioning, all that is required is that President Reagan and his successors fill future vacancies with justices of the [*Lochner* era] brand, and when the last of the defective variety have been replaced, judicial review will once again begin to purr on all cylinders.[1]

This assessment is devastatingly accurate. To an even greater extent than the President or Congress, the intellectual integrity and character of the component personnel are vital to the proper functioning of the Supreme Court.

The *Lochner* doctrine is the only hope we have for preserving our freedoms and *laissez-faire* economic system from envious, increasingly hostile political majorities. Assuming President Reagan is reelected, he will be able to appoint at least five additional Supreme Court justices. In this context, Professor Siegan's *Economic Liberties and the Constitution* is more than a remarkable and exhilarating work of scholarship—it is a blueprint for restoring the pre-1937 splendor of our political and economic institutions. President Reagan, one hopes, will read and heed this superb book as charting the course of judicial review in the 1980s and beyond. The Siegan Court, perhaps?

Mark S. Pulliam

1. Maurice J. Holland, "The Legacy of Constitutionalism: The *Lochner* Era Reconsidered," *The American Spectator* (January 1982) p. 17.

Whose Liberalism?

CONTROLLING INFLATION: STUDIES IN WAGE/PRICE POLICY. *By Barry Bosworth, Daniel J. B. Mitchell and Laurence S. Seidman.* (Center for Democratic Policy, Washington, D.C., 1981)

DECADE OF DECISION: THE CRISIS OF THE AMERICAN SYSTEM. *By Michael Harrington.* (Simon and Schuster, New York, 1980)

THE ROAD FROM HERE: LIBERALISM AND REALITIES IN THE 1980s. *By Paul Tsongas.* (Alfred A. Knopf, New York, 1981)

One unnamed Democratic senator, who last year was forcibly returned to the private sector, told *The New York Times* that he really

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couldn't understand it. He had done all the right things. He had voted for every spending program (except for defense). Was this not, as he had been told for years, what the voters wanted? Like a puzzled Freud ruminating years ago about women, liberal Democrats are now bewildered by the voters. "What *do* they want?"

Of course, the answer is that voters, like women (and like men)—which is what they are—want it all. At the same time, being adults, they know in their heart of hearts that they can't have it all. Some of their desires are mutually contradictory. Which is why politicians, who aspire to fulfill enough of those desires to insure their re-election, must set priorities. To do this, they must have some guidelines, some set of principles, some sort of political philosophy, even if it is only as rudimentary as Prime Minister Melbourne's admonishment to his Cabinet that "It doesn't matter what we say so long as we all say the same thing."

Walter Mondale is foremost among those who are earnestly searching for a new set of values for the 1980s. Like many of his peers who have been spending their time debating alternatives in Georgetown salons, taking part in seminars at the JFK Institute of Politics or receiving private tuition from scholars at the Brookings Institution, Mr. Mondale has been "reading a lot and re-thinking his positions." But to what avail?

At a recent lecture to his students at the University of Minnesota, Professor Mondale allowed that one of our chief economic problems was the decline of American productivity in recent years. Since 1973, the average annual rate of increase in manufacturing productivity has been 6.9 percent for Japan and a limping 1.4 percent for the U.S. The former Vice President told his students that he was baffled by this but suspected it had something to do with American business school education. In his course of study, he apparently has not yet come to the chapter on the connection between savings—capital accumulation—and increased productivity and more and better jobs for all.

If Mr. Mondale has not yet learned much, he is in good company. His friends at the newly-founded Center for Democratic Policy are running neck and neck with the Bourbons for the Order of Invincible Ignorance, First Class. Our "innovative" and "imaginative" liberal intellectuals have taken a back seat lately to the stream of new ideas and policy proposals pouring out of such conservative-oriented think tanks as The Heritage Foundation, the American Enterprise Institute, the Hoover Institution, the Institute for Contemporary Studies, and many others.

It was with understandable fanfare, therefore, that Ted Van Dyk, president of the spanking new Center for Democratic Policy, announced the first of a series of studies designed to counter the charge that the Democratic Party has been "running on the intellectual capital of Franklin Roosevelt for 50 years."

After reading its first product (*Controlling Inflation: Studies in Wage/Price Policy*), I can exonerate the Democrats from any such charge. One article was written by Barry Bosworth, now safely en-

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sconced in the Brookings Institution, after having served two rough years as Director of President Carter's Council on Wage and Price Stability. It turns out that Mr. Bosworth's new solution to the problems of stagflation consists essentially of wage and price controls, with the proviso that *this* time they should be *really* enforced for a three-year period. His two collaborators, Professors Laurence S. Seidman of Swarthmore College and Daniel J. B. Mitchell of the University of California at Los Angeles, extoll the virtues of a "Tax-based Incomes Policy," yet another "innovative" idea which has attracted the attention of a number of fashionable thinkers such as Roy Jenkins in Britain. TIP is, of course, simply indirect (and hence more bureaucratic) wage and price controls.

Now, the one good thing about wage and price controls is that they have a track record as long as recorded history; so we have had an unparalleled opportunity to examine empirically just what such controls can and cannot accomplish. A few years ago, Eamonn Butler and I examined over 100 cases of controls in 30 countries in 6 continents during a time span of 4000 years. Our conclusion: they always and everywhere, in all times and all places, have failed. A few instances: the emperor Diocletian, in his desperate effort to bring down the inflation caused by his own debasing of the coinage, enforced his controls with the dealth penalty. After a few years, he was forced to repeal them and abdicate. (Mr. Bosworth's enforcement proposals, while incredibly bureaucratic, fall *far* short of his predecessor's.) On June 4, 1778, the Continental Congress, in a fit of exasperation, resolved that "...it hath been found by experience that limitations upon the prices of commodities are not only ineffectual but...productive of very evil consequences..." and in 1946 Reichsmarschall Goering, who had been in charge of economic planning, offered his own re-appraisal to a reporter. "Your America," he said, "is trying to control people's wages and prices—people's work. If you do that, you must control people's lives. And no country can do that part way. I tried it and failed. Nor can any country do it all the way either. I tried that too and it failed...I should think your economists would read what happened here."[1]

We can only hope that in their next search for "new" proposals, the Center for Democratic Policy will not go any further back than the Roosevelt years. The New Deal, after all, is still considered to be contemporary history.

Two other entrants in the "What Do We Do Now, Boys?" Quiz Marathon, the other Senator from Massachusetts, Paul Tsongas, and a dem-

1. Notwithstanding the fact that Goering had learned *something* at least, a prominent liberal Democratic thinker recently announced that he, for one, was still impervious to history. John Kenneth Galbraith, writing for *The New York Times Book Review* (April 22, 1973), noted that "Hitler also anticipated *modern* economic policy...by recognizing that a rapid approach to full employment was only possible if it was combined with wage and price controls." (Italics added).

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ocratic socialist warhorse, Michael Harrington, have weighed in with far thicker tomes. Mr. Harrington's book is detailed and extensively documented as befits the author of 9 books, including the influential *The Other America: Poverty in the United States*. Senator Tsongas' work, on the other hand, cites almost no books or articles. It is based almost entirely on his own experience and on testimony read or submitted to congressional committees. The book also bears the stamp of having been at least largely written by himself. He is often candid and must be given credit for trying to grapple honestly with difficult issues. This is much more than a routine partisan campaign tract.

But is it a roadmap for a new generation of liberals, as has been claimed in some reviews, a book full of new and challenging ideas which is "totally devoid of shopworn political thinking?" Mr. Harrington's effort is touted in similar terms: "radical approach," "New Vision," "the solutions to the current American predicament," and so forth, and so forth.

There is, however, less here than meets the eye. In the 354 pages of Mr. Harrington's book I honestly could not locate any concrete program or proposals for the future which would revitalize the Democratic Party (his ostensible objective). His vision of a new America would leave this country substantially more centralized than would Tony Benn's plan for Britain. He would like to see the investment process "socialized." He does not say exactly how; but the idea of the Wonderful Wizards of Washington making daily decisions for millions of businesses in America boggles the mind. He favors socialized medicine, of course. He refers to tax cuts as "giveaways" almost as often as he calls for unspecified "structural changes." Which is often.

In one sweeping paragraph he blithely abolishes all state and local governments (as independent entities). "Ideally," he writes, "a progressive (federal) income tax should be the *only* tax in the entire nation . . . Washington would then return to the states and localities monies that it collected on the basis of a formula weighted for poverty and other social problems as well as for population." Here is "structural change" with a vengeance!

There are, however, some glimmers of common sense which so far have eluded many of his fellow liberals (he candidly prefers to be called a liberal socialist or social democrat). Mr. Harrington points out, for instance, that the largest part of so-called "social welfare" transfer payments go to people who are not poor. Poverty therefore persists in a nation that could afford to eradicate its last traces. He also admits that "public bureaucracies are a threat to freedom" and is genuinely concerned about this. He disagrees with Senator Tsongas (whom he would probably call a "corporate liberal") over the question of government aid and subsidies for businesses. Both he and the Senator (unlike their brothers in the Center for Democratic Policy) are against wage and price controls on the sensible grounds that they have never worked and are never likely to work.

But Senator Tsongas would contrast himself starkly with Mr. Harrington. He sees himself as a hard-headed, tough minded liberal, ready, able, and willing to adapt to what are called the realities of the 1980s.

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He prides himself on his flexibility; these are my principles, he seems to be saying; if you don't like them, I have others.

For, despite his Harvard education, Senator Tsongas is not without a certain shrewdness and instinct for survival under, as they say, changing conditions. He realizes now that the typical American voter outside the D.C.—Massachusetts axis regards his line of Standard Liberalism (90 percent ADA dogma) as similar to a rambling old house, part Victorian Gothic, part Romanesque, with a touch of Baroque—8 large bedrooms, no modern kitchen, no garage, no parking space, but with a giant croquet field. Especially in an era of high interest rates such a monstrosity is rather hard to sell. Senator Tsongas would solve matters with a quick paint job and an investment in the services of a *really* good salesman.

A close reading of his highly praised speech before the Americans for Democratic Action in 1980 ("courageous," "daring," "revolutionary") reveals only one line that would raise liberal eyebrows. And even that line is phrased in a way to gladden the heart of a political consultant. "We denounce nuclear power," he writes, "No nuclear power means one certain result—massive reliance on coal (which is environmentally harmful)." The astute observer will note that our Daniel in the Lion's Den did not actually go so far as to say that we must build more nuclear power plants. (Someone might have had convulsions.) But that conclusion *is* implied.

The daring Senator also told his audience that we will not solve the energy crisis by attacking the oil companies, that the answer lies in greater conservation. Although some of the ADAers present must have felt a delicious tingle in their spines (or wherever) at this flirting in public with heresy, I doubt many really minded.

Senator Tsongas saved for his book his really daring proposal—decontrol of oil prices and less regulation in order to promote production. Those who are interested in the fate of Senator Tsongas' soul will perhaps gain encouragement from the fact that the one subject on which he takes a strong decentralist position (energy) is also the subject in which he is most interested and has studied the most. But, in general, while there is much talk throughout his book on the need for greater fiscal restraint, for a leaner, trimmer government, for ending programs that don't work, even for reducing inflation, there is not much on specifics. We are usually offered the Same Old Stuff—more power to Washington, more spending, keeping taxes high, curtailing defense spending, loosening the money supply to "get interest rates down," and so on. The only difference is that Senator Tsongas keeps *telling* us we must be realistic (as well as compassionate), tough-minded (as well as idealistic).

The Senator does give us a glimpse of his concrete views when he suggests some desirable ways that a $437-billion cut in the defense budget (over a decade) might be spent. A good part of this "saving" would go to equip every home in America with a solar power hot water heater. Substantial amounts would be set aside for targeted tax breaks to industry to encourage investment and research. The budgets of the National Science Foundation, the National Institutes of Health and

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the National Endowment for the Humanities could be doubled (over ten years). Twenty-two-and-a-half billion dollars could be spent on federal aid to education. Lastly, there *would* be some personal tax cuts. He would be pleased to "give" each person a tax rebate of $14.60 a year for ten years. Let it not be said, however, that the Senator wants to hang on to our money; we must remember that this works out to $585 per family over ten years.

The program which Senator Tsongas regards as the wave of the future is UDAG (which stands for Urban Development Action Grants). This program distributes money to states (almost all of which have a surplus) and to private businessmen. With admirable candor, Senator Tsongas reveals that when he was first elected to the House he allocated a "major part" of his "staff salaries for an economic development unit." These taxpayer-paid staffers worked hard to funnel more taxpayer dollars to worthy businessmen in Senator Tsongas' home district. With still more candor, the Senator tells us how everyone involved benefited (except the unseen taxpayers and the unseen people who never got jobs that were never created because of this political allocation of resources). "When I ran for the Senate in 1978," he writes, "although my workers were primarily young liberal Democrats, the bulk of my financial support came from the business community—mostly conservative Republicans... They had learned to respect our capacity to be concerned with and knowledgeable about their particular problems.... Today, in Massachusetts, several congressmen use the economic development staff approach *productively*." (My bemused italics)

But Senator Tsongas suggests cutting at least one ineffective program—CETA (the so-called jobs training program). He points out, quite correctly, that in many cases this program has simply been a means for mayors and county officials to strengthen their political machines (and avoid raising their own taxes) by putting political supporters and current local employees on the CETA payroll. Rather than return these funds to the taxpayers, however, the Senator recommends that they be transferred to UDAG grants—which, of course, are by tradition announced by United States Representatives and Senators.

Is this the new liberalism... the road from here? Perhaps a definition of liberalism would be helpful at this point. A churlish soul not understanding the joyous and "productive" collaboration of young liberal idealists, conservative Republican businessmen and Senator Tsongas' staff might ask if it is "liberal" to tax a citizen barely above the poverty line so his money can be used for luxury apartments in another state. Is it "liberal" to impose a staggering debt on the next generation so that politically-connected businessmen, mayors who supported the right primary candidate and governors able to "deliver" their states can receive largesse from Washington that Washington doesn't have?

In recent years the liberal philosophy has been co-opted by a sectarian group who call themselves liberals and, what is more to the point, have persuaded most people to regard them as liberals. But they have not persuaded me.

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America is the pre-eminent liberal nation and always has been. All of us, from traditional conservatives to social democrats, agree on the basic principles of the traditional liberal creed: constitutional democracy, with safeguards for the rights of individuals, especially minorities; divided (and balanced and limited) governmental powers; a commitment to progress and reform, that is to say, a better life with more opportunities for self-development for all citizens; and, devotion to the principle that inequality is justified insofar as it (paradoxically) promotes more equality and (especially) results in better opportunities for the less favored by society.

But, liberals (that is, most Americans) disagree among themselves as to the best way to implement those principles and goals in particular times and places. Sometimes, the intellectual leaders of liberalism have valued abstractions above the interests of individuals (and common sense); and some of their political leaders have favored immediate benefits for groups which they know over long-range benefits for many more people whom they don't see.

The so-called social issues (which are often connected to civil liberties) are given short shrift by both Mr. Harrington and Senator Tsongas, even though they affect the daily lives of millions of people. The American Civil Liberties Union (which has performed a useful role in the past) lost much of its membership recently because it followed the lead of "abstract" liberals and defended the right of Nazis to march through a town with a large population of Nazi concentration camp survivors. Common sense would dictate that the right of the Nazis to express their views at a particular time and place has to be balanced against the rights of other (perhaps unseen) people who may be unwillingly affected. Common sense would also tell us that in any balancing of rights of Nazis and of their past (or intended) victims, the rights of the innocent victims should be given priority. Surely, the mature liberal position would be to defend (a) the rights of the Nazis to march *somewhere else* and (b) the rights of their victims to be spared at the minimum an unpleasant reminder of their suffering.

Similarly, why is it more liberal to defend the rights of pornographers to display their wares anywhere (in the name of freedom of the press) and to ignore the rights of many more people not to have their neighborhoods marred by what they regard as offensive material? Would not a liberalism genuinely concerned about human beings (not just abstract principles) defend the right of the majority to live in peace and the right of a minority to buy their pornography in a more suitable location, say 14th Street in Washington, D.C.?

Why is it liberal to deny people in a given community the right to have voluntary (not government-prescribed) prayers in what is supposed to be their school? Would not a more faithful reading of the liberal tradition say that the great majority of parents in a community have a more compelling right than one librarian and a few teachers to decide what their children should or should not read in a school paid for by their tax dollars? Parents who wish their children to read books of any kind can see to it that they do so at home. (And I suspect a child

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determined to read a particular book will find a way to do it, with or without the aid of public funds.)

Politicians dislike the issue of abortion since it is a problem that does not readily lend itself to compromise. It is one of the few areas where you cannot split the difference, or pass a law and then not enforce it. Any genuine liberal must admit that a number of rights are involved, including the right of the father to have some say about the fate of his child. Why is it considered more liberal to give more weight to the mother's right to a comfortable life than to the right to any life on the part of an unborn child? Surely the prime purpose of a liberal government is to protect the weak and helpless, and who are more helpless than the unborn?

Liberal societies have always recognized a responsibility to help those of their citizens in need. A main object of liberalism, in fact, is the elimination of poverty. As a result of the efforts of governments at all levels in the United States, of private charities and of the workings of an expanding free market economy, it would be fair to say that *absolute* poverty (i.e., the lack of necessities of life) has been abolished in this country, as Michael Harrington himself admits (p. 226). Liberals will not be satisfied, however, until *relative* poverty is also abolished since we believe that inequality is justified only insofar as it results in a more equitable and prosperous society for *all* citizens in the long run.

In the last few decades, millions of people have lifted themselves out of relative poverty by taking advantage of the opportunities offered by a growing free enterprise economy. Many economists estimate that the percentage of Americans who are still relatively poor (that is, with real incomes *substantially* below the average) is now down to about three percent. As Michael Harrington points out, however, the great bulk of federal social spending does not help the needy but rather is directed to various well-off groups who are organized and possess political power.

Yet, because of the system of increasing taxes and more and more federal borrowing, the average increase in productivity in this country has lagged behind every other industrial nation. Michael Harrington tells us just how much this decline in productivity has cost the average working family. "As the (Congressional) Joint Economic Committee calculated," he writes, "household incomes in America in 1978 were $3700 less than they would have been if the 1948–68 productivity patterns had been maintained. And projecting the trend into the future, 1988 would see a loss of income of $8500 per household." Yet, if liberalism means anything at all, it means a system of government under which the ordinary citizen is allowed, helped and encouraged to be better off and the poor are moved closer and closer to median standards. What has passed for liberalism in recent years has had the effect (intended or not) of decreasing the living standards and reducing the options open to the average American.

The distinguished sociologist, Seymour Martin Lipset, recently noted that "economic events in the last few years have forced the public and politicians to face up to the *costs* of government programs: for most

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of the postwar period, it seemed that high and increasing government spending did not cost anything[2]; low inflation and high growth kept real after-tax incomes increasing throughout that period until the early part of the 1970s. The last decade, however, has raised the problem of costs, and has thereby forced people to consider the trade-offs."

Both Mr. Harrington and Senator Tsongas hint (without being explicit) that politicians who call themselves liberals regarded the increase in Americans' real incomes over the last few decades as a "social dividend," which they had a right to divide up. Part would be spent on redistribution of income and part would be allowed to be retained by those who earned it. The great majority of Americans (including genuine liberals) would have no objection to this agenda in principle, provided that the part of growth slated for redistribution was aimed at the poor. What actually happened, as Mr. Harrington admits, is that most of this redistribution of wealth (parceled out by the politicians) did *not* go to the poor but went instead to special interest groups who had clout with congressmen.

Although the rise in productivity in the 1950s and 1960s was not automatic—it was due to the savings and hard work of the American people—the method by which the federal government skimmed its "share" off the top was. As inflation pushed Americans into higher and higher tax brackets, they ended up paying a greater and greater share of their incomes to the federal government without any legislation by the Congress. Together with the enacted rise in social security taxes and the windfall profits tax on oil, taxflation (or bracket creep) resulted in a 249 percent rise in federal taxes for the average American between 1971 and 1980.

Economist Ezra Solomon of Stanford recently observed that "Over the past century, every American generation has enjoyed a standard of living *twice* as high as its parents—and we have come to expect this steady improvement as a fact of life. At the rate of improvement we have achieved since 1973 (however) it will take not one generation but 300 years to double average living standards." In fact, according to the Tax Foundation, the average American is worse off than he was a decade ago. In the past ten years, the nominal income of the typical American family has soared 125 percent. *But*, that family would finish 1981 $427 poorer in real purchasing power than it was in 1971. A large part of the reason for this drop in living standards is that, during that period, federal tax burdens have more than tripled while inflation has cut purchasing power by nearly 56 percent.

Clearly, the vast increase in social spending in recent years did not raise the real incomes of average Americans. According to Michael Harrington, less than 10 percent of the federal budget has been directed to helping the poor. Where then has all this money gone?

Let us look at some of the social programs that Senator Tsongas finds most appealing. The Senator twice complains that he can't understand why the Reagan administration is critical of such programs

2. Professor Lipset does not say exactly *to whom* "it seemed that high and increasing government spending did not cost anything."

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as Urban Development Action Grants, economic development grants and revenue sharing.

Is not this sort of redistribution aimed at helping the needy? The trouble is that politics and self-interest, in the form of the classic "iron triangle," soon takes over. The "iron triangle," which dominates so much of the federal budget, consists of (1) Congressmen and their staffs (2) bureaucrats and (3) the lobbyists for special interests. In order to get an aid-to-distressed-areas bill passed, more and more Congressmen must receive a "piece of the action" for their districts. The civil servants in the agency concerned (say HUD) are happy to move this process along since it means more jobs for them. The lobbyists, organized to get federal funds for builders or other business groups, also press for a larger and larger bill. And some of the biggest lobbyists in Washington are financed with taxpayer funds, including federal funds; these are the lobbyists for state and local governments. The end result of this process is that *85 percent of the nation has been declared to be economically underdeveloped for the purpose of receiving economic development grants.*

Under revenue sharing, some of the wealthiest cities in America (including Palm Beach, Palm Springs, and Houston) have been given large amounts of tax dollars, gathered, at least in part, from our poorest people. Beverly Hills received a revenue-sharing check last year for $283,659—a sum which could have lifted a goodly number of people out of poverty. In 1980, not a single state government had a budget deficit; 45 states, in fact, expected a surplus. Yet, more than $2 billion in federal tax dollars was sent to them, largely through the efforts of congressmen, lobbied incessantly by state bureaucrats, whose salaries are also paid with taxdollars. On what liberal principles is such upside-down redistribution justified?

Liberals ought to ask themselves two questions about any proposed policy. (1) Does it help the country as a whole? (2) Does it help the needy? If, instead, it merely aids some special interest group with votes and campaign contributions to trade for taxpayer dollars, than it should be tabled indefinitely. The trouble is that practical politicians instinctively realize (or soon learn) that if you devise policies which help everyone, no one in particular will remember you on election day. And a second unfortunate fact is that few of the poor vote. The result of these two political axioms is the corrupted and false liberalism that reigns today.

Why, one might ask, do intelligent and well-meaning politicians such as Paul Tsongas sincerely intend to be liberals but end up as pseudo-liberals? One reason, as we have seen, is simple self-interest. The businessmen from Senator Tsongas' district who were recipients of UDAG grants "helped (him) in (his) hour of need." Another, related, reason might be called lack of vision. It is a fundamental characteristic of pseudo-liberals that they see the obvious beneficiaries of their short-sighted policies; but they do not see (in their mind's eye) the millions of other people who are adversely affected.

When the Senator and others like him vote for minimum wage laws, he sees how those who gain jobs at the higher minimum wage are bet-

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ter off; he does not see the hundreds of thousands of youths who are prevented from gaining entry-level jobs and a start up the economic ladder by this barrier at the beginning of their working lives.

Generals are supposed to be always ready to fight the last war; in the same way, most politicians are campaigning for the last election (or for an election two or three decades ago). They do not see that the clichés they repeat have no relationship to reality. Business-as-usual liberals faithfully repeat the lines about "drastic tax cuts," "steep budget cuts" and accuse President Reagan of "repealing the New Deal."

The reality is quite different. As M. Stanton Evans has pointed out clearly in the last issue of this journal, there have been *no* tax cuts and *no* budget cuts. President Reagan put it plainly in his message to Congress of February 18, 1981: "It is important to note that we are only reducing the rate of increase in taxing and spending. We are not attempting to cut either spending or taxing to a level below that which we presently have." *The National Journal* has demonstrated that most Americans will continue to pay slightly more taxes each year in the near future. An economic forecasting team at the University of California at Los Angeles predicted that assuming Kemp-Roth was adopted (it was, in fact, watered down) then "total federal tax receipts, stated as a percentage of GNP will be...the highest since World War II." The same study found that Mr. Reagan's domestic spending will be substantially higher than Mr. Carter's and the percentage (of GNP) of transfer payments in 1983 is expected "to run nearly double the share under President Johnson's 'Great Society' years." Lyndon Johnson's total budget in 1965 was $118 billion of which 40 percent went for defense; Ronald Reagan's budget for 1982 will be higher than $732 billion, of which just 26.2 percent is scheduled for defense. In fact, the percentages of the budget spent on defense and social spending by President Kennedy have been almost exactly reversed by President Reagan. President Kennedy devoted 25.1 percent of his budget to social spending and 47.8 percent for defense; President Reagan is devoting 53.2 percent to social spending and 26.2 percent for defense.

In this light President Johnson comes off as a piker, Kennedy as a scrooge and Franklin D. Roosevelt a virtual Simon Legree. Coolly considered, the facts show that, contrary to the blindness of the pseudo-liberals, the Reagan Administration is the most generous and compassionate of any in American (or world) history. So much for the "repeal of the New Deal"!

If (as seems clear to me) Senator Tsongas' *Road Ahead* is another deadend, where *do* we go from here? *Is* there a genuinely liberal program, adapted to the needs of the 1980s, emphasizing the principles and goals discussed in this review? There is: it is to be found summarized in the 1982 State of the Union Address.

Robert L. Schuettinger

Mr. Schuettinger wrote this review before joining the White House staff.

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Saving the South

WHY THE SOUTH WILL SURVIVE. *By Fifteen Southerners.* (University of Georgia Press, 1981)

THE SECOND BATTLE OF NEW ORLEANS: A HISTORY OF THE VIEUX CARRÉ RIVERFRONT-EXPRESSWAY CONTROVERSY. *By Richard O. Baumbach, Jr., and William E. Borah.* (University of Alabama Press, 1981)

Half a century ago, the group of writers generally known as the "Southern Agrarians" in the states of the Old Confederacy published the collection of essays called *I'll Take My Stand*—a book still in print. One of these men was Andrew Lytle, who contributes an Afterword to *Why the South Will Survive*. Robert Penn Warren and Allen Tate, along with Lytle, wished to give *Stand* a more political title: *Tracts against Communism*. A deep-rooted conservatism (religious and social, without enthusiasm for industrialism or capitalism) ran through *Stand*, and runs through *Why the South Will Survive*, but these essays are not partisan thrusts.

What survives of the South's peculiar styles of architecture, and its pleasant old urban life, stands in jeopardy today; yet now and again some signal victory for preservation is won against the ugly troops of profiteering "improvement." A grand truimph of this sort was our *Second Battle of New Orleans*, in which the knights of the Old Order defeated the hot advocates of the Riverfront Expressway. Messrs. Baumbach and Borah led that happy charge, and even this reviewer fought as a guerrilla in that struggle—of which more later in this review.

The fifteen contributors to *Why the South Will Survive* take up the South's identity, its present character, its soil, its political traditions, its effect upon foreign policy, its schooling, its literature, its religion, and much else. These writers do not pretend that the southern states have kept their character unaltered. Cleanth Brooks, a valiant and undiminished survivor (like Lytle) from the intellectual and moral contests of the thirties, puts the matter well, in his contribution "The Enduring Faith":

> Even if the South is deemed still relatively free from the Gnostic heresy and millennialism, it is by no means immune to the doctrine of automatic progress and other invitations to enter Utopia. The slogans and procedures of the teachers' colleges are loud in the land. The old sense of history is probably being—perhaps already has been—lost. There are too many Burger Kings and Kentucky Fried Chicken entrepreneurs, too much fast food and fast education that manages somehow to bypass the Three R's on its way to the chosen goal of social engineering.

Aye, just so. The authors of *I'll Take My Stand* defended a South that had experienced, for the most part, a tragic continuity extending over seventy years. Their emulators, the authors of *Why the South Will Survive*, look upon a different South—industrialized, in large part urbanized, relatively prosperous, yielding to the fads and foibles that

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dominate the United States generally. In fifty years, has the South abandoned its stand?

In the four decades that have elapsed since first I began to wander south of Mason's and Dixon's Line, the very speech of the majority of southerners has altered; television and radio require a "New York" accent, even from southern stations. The new suburbs have forgotten the southern architectural styles. The South's biggest city, Atlanta, becomes indistinguishable from Megalopolis in its outward form and its crime rates. The "New South" preached by Henry Grady sometimes seems to have extirpated the Old South altogether. By the beginning of the twentieth century, will there be a recognizable South? That question has passed through my mind often, as I go speechifying back and forth across the Southeast.

But Clyde Wilson, who writes the Introduction to *Why the South Will Survive*, is not altogether dismayed. "The fact is that American society outside the South has changed in recent decades so rapidly and in so many critical ways that the South is becoming more, rather than less, different," he writes. "It is even possible that 'the South,' thought by many to be a myth or a product of peculiar circumstances, doomed eventually to merge into the American mass, may prove in the long run more able to survive change without losing its identity than can America at large. Indeed, the Southerner may be justified in wondering whether there is any *American* culture anymore, whether America is anything other than a collection of people sharing a common territory, government, and standard of living, but otherwise having no identity."

However much the region may have altered since *Stand*, the South remains suspect to liberals. In recent years I have reviewed a spate of university-press historical studies of the South, written by Harvard doctoral candidates or University of California instructors. Many of these are models of "research" and of superficiality; the authors' familiarity with the South is limited to hasty expeditions to large libraries or archives there; they seem as nervous about actually getting to know southern life as citizens of Torino used to be when compelled to visit Sicily. I suspect that the southern culture will survive what may be a concerted endeavor to rewrite its fantastic and gallant history.

In one field, southern culture has dominated America for nearly fifty years: humane letters. This ascendancy had commenced when *I'll Take My Stand* was published, and it endured almost to the present; indeed, no living American writer looms larger than the late Flannery O'Connor. But in recent years the radicals and liberals of New York's literary oligarchy have been endeavoring to repress southern letters; George Garrett, in this collection, touches upon the matter in his "Southern Literature Here and Now." *The New York Times Book Review* consistently ignores or puts down southerners; the National Endowment for the Arts clearly has been prejudiced against southern writers. Consider these remarks by Mr. Garrett about NEA:

> Not at all unusual is the picture presented by the 1979-80 Fellowships for Creative Writers ($10,000 each) awarded by the Literature Program of the National Endowment for the Arts. Of the 275 awards given, 33 went

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to writers listed as living in (or visiting) Southern states. Two Southern states, Arkansas and Alabama, were completely ignored. No Southern state received as many grants as, for example, California, Colorado, Connecticut, Massachusetts, or Vermont. New York (and chiefly, overwhelmingly, New York City) by receiving 78 of the grants, was a little more than twice as lucky and successful as all of the Southern states combined.

Thus *Survive*, like *Stand* fifty years earlier, is the work of a conscious minority, a Remnant, aware that modernity bears them no good will. Their essays are pious in the old Roman sense: they praise old ways and famous men; they defend "the little platoon we belong to in society"; they champion vicinage against universalism. Marion Montgomery, in his moving essay "Solzhenitsyn as Southerner", expresses this bold defiance of the heavy drift of events in America: "What a Southerner of my persuasion fears is that our national spirit more and more breathes within a world whose thermostat and filters are set by gnostic intellectuals; a climate in which there are more destructive contaminants than the Southern intelligence and will may detect; certainly more than the Midwest Research Institute can measure, given its emission standards with respect to 'quality.'"

M. E. Bradford, who writes the Conclusion to this very lively and thoughtful collection, is not disposed to surrender the South to some tapioca-pudding society.

> What we were told would be progress has left a vacuum in which solipsism and deracination, Marxism and related nostrums have moved at will. The Gross National Product at its best cannot negate this truth, nor may religion be expected to flourish under such circumstances. What has survived of the South that traced its lineage to the England of the seventeenth and eighteenth centuries is still visible and functioning because agriculture has been the 'model,' the prototype for all other vocations in which the Southerner joined the public and private things. Stewardship is still an intelligible conception for the host of Southerners who live in clusters surrounding our great cities and who do a work very different from that performed by their ancestors. Real property is yet preferred over other kinds, and liberty is understood by them as being dependent upon their participation in the corporate life, the intermediate institutions.... For the sake of memory let us preserve the iconic things—buildings, monuments, gardens, rites, celebrations, and stories—which have defined us for over three hundred years as a people apart, and which carry in themselves the seeds of restoration as a context for the tradition.

Say not the struggle naught availeth. Some "iconic things" indeed have been preserved in the South. *The Second Battle of New Orleans*, dispassionate though written on a note of triumph, is a full and systematic account of the attempt to disfigure New Orleans (and conceivably invigorate its Canal Street commercial district) by constructing a vast expressway along the Mississippi, overshadowing and spoiling the Vieux Carré, the old Spanish-French-Italian quarter, and working other mischief. By resolute and intelligent opposition, New Orleans' preservationists—conspicuous among them Messrs. Baumbach and Borah, this study's authors—succeeded in defeating the scheme, despite powerful interests backing it.

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Originally, in 1946, the New Orleans Riverfront Expressway was proposed by Robert Moses, the Napoleon of parks and highways. Mr. Moses, a New Yorker, substantially ruined Long Island and its railway system by a merciless expressway built after World War II; elsewhere, too, even in the little Michigan town where I was born, Mr. Moses' touch blighted old beauties. He professed himself a conservative; but his only accomplishment that met with my favor was his New York World's Fair of 1964—which everybody else seems to have denounced as a failure.

As matters turned out, happily, New York taste was not permitted to devastate New Orleans. Through my syndicated newspaper column, I swung my little mace in the Second Battle; the *New Orleans Times-Picayune*, zealous for the expressway, cancelled its subscription to my column; but the preservationists distributed 20,000 copies of my denunciation on the streets of the city. At length John Volpe, Secretary of Transportation in the Nixon administration, was persuaded to cancel the whole project.

The Second Battle can be used as a manual by other people, in other cities, trying to defend the amenities of urban living against "renewers" with federal funds and powers who are bent upon creating urban deserts and jungles. The New Orleans fight saved the oldest and best quarters of one of the South's three most interesting cities. This victory suggests that the southern spirit remains capable of self-defense; and that some things iconic will still stand, in the southern states, when all the rest of America is one monotonous sprawl.

Russell Kirk

Will South Africa Survive?

SOUTH AFRICA: TIME RUNNING OUT. THE REPORT OF THE STUDY COMMISSION ON U.S. POLICY TOWARD SOUTHERN AFRICA. *Foreign Policy Study Foundation, Inc.* (University of California Press, Berkeley and London, 1981)

In 1947 Arthur Keppel-Jones, a distinguished South African historian, published a book entitled *When Smuts Goes* in which he predicted his country's coming breakdown in a bloodbath. Mr. Keppel-Jones set a fashion; ever since 1947 liberal-minded academics, journalists, clergymen, and television commentators have predicted South Africa's impending violent demise. A massive array of "guilt-gloom-and-doom" books concerning South Africa now fills library shelves. Between them, their authors have created a strange fantasy world where the clock eternally points at five minutes to twelve, and

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time is forever running out. The sense of drama has been heightened of late by South Africa's acquisition of a nuclear potential. *Mother Jones*, a *lumpenintelligentsia* radical journal, has predictably joined this club.[1] But even moderates look with dismay to an atomic *Götterdämmerung* in the South Atlantic.

When we first opened *South Africa: Time Running Out*, the report of the Rockefeller Foundation Study Commission on U.S. Policy Toward Southern Africa, we assumed from the title of the report that it would follow the same time-honored pattern. This report, however, is not quite like the others. It is more realistic about South Africa's military strength than was the Carnegie Endowment for International Peace Study in 1965, when it prepared an estimate of the costs and casualties that would be incurred in an international invasion of South Africa. This report presents a relatively moderate and rational analysis of South Africa's problems as seen from the liberal standpoint. Nevertheless, it is profoundly wrong in its recommendations, in part because it fails to understand the dilemma facing white South Africans. It calls for more of the same policies (boycotts, sanctions, diplomatic pressure) that have failed in the past to get whites to change their policy. These are only too likely to fail in the future because the whites are convinced that a democratic consensus society, based on the formula of "one man, one vote," will not work in South Africa any more than it has worked anywhere else in black Africa.

The failings of this report—as of so many other academic reports—do not derive from lack of men, money, or ability. The Rockefeller Foundation funded the commission in December 1978 as an independent, tax-exempt, nonprofit corporation (the Foreign Policy Study Foundation). The Rockefeller trustees authorized a $2 million budget (nearly as much as the Carnegie Corporation spent in South Africa over a fifty-year span, and more than the Hoover Institution spent annually to operate its library which comprised 1.5 million volumes). Franklin A. Thomas, the Ford Foundation's president, chaired the commission; its ten members received help from a staff of fourteen and from seventy-nine consultants; the commission held meetings in the United States and in western Europe; the commissioners also took a two-and-a-half week trip to South Africa where they met with a wide variety of men and women drawn from there and from neighboring states. The report is a bulky document (516 pages); it sells at a reasonable price ($8.95), the University of California Press having received a subsidy to ensure wide sales of Southern African books.

What, then, has gone wrong? Mr. Thomas himself supplies part of the answer. In an interview given to *The New Yorker*, he stated that the commissioners were objective and completely independent in outlook.[2] There was only one inbuilt bias Mr. Thomas could foresee: that apartheid was "wrong" and that it constituted "a unique violation of

1. *See* Adam Rothschild, "In the Final Day," *Mother Jones* (November 1980).
2. *The New Yorker* (August 31, 1981), pp. 25–26.

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human rights." The latter assumption is, of course, questionable. Whatever the demerits of its social policies, South Africa's record on the African continent is hardly uniquely evil. The last two decades have seen, for instance, bloody civil wars in Nigeria and the Sudan in which an estimated one million people lost their lives, a ferocious mass-murder campaign conducted by the ruling Tutsi people against the intelligentsia of the subject Hutu, mass liquidations and mass starvation in Ethiopia, and the creation of a huge refugee problem. (Black Africa now supposedly cares for nearly 8 million refugees, very few of them from South Africa.)

In addition to this admitted bias, the commission members, the staff, and the consultants were all of one outlook in a more general sense: they were all liberals, and as such they were uniformly critical of whites in South Africa. According to Mr. Thomas, most of them were actually surprised to discover that Africans and Afrikaners both regard one another as legitimate residents of South Africa. A conservative voice cannot be found anywhere in this report. And the commissioners have often permitted their prejudices to interfere with their analyses. They rightly censure the homelands policy, as we do ourselves, but they give no credit whatever for such progress as was made during the 1970s—advances that were quite startling when compared with conditions in the past. Between 1970 to 1976, for example, their joint gross domestic product (at factor cost and current prices) nearly quadrupled (from R. 300.9 million to R. 997.9 million). There was a substantial increase in agricultural production whose total value rose from R. 27 million 1959/1960 to R. 259 million in 1976. The commission points to the world community's criticism of the homelands on account of their small size and lack of economic resources. Yet that same world community calls for the creation of a Palestinian West Bank state which would be smaller and less fertile than the Transkei and which—unlike, say, Bophuthatswana—would lack mineral resources.

The commissioners likewise might have said more about the close links that exist between the African National Congress (ANC) and the South African Communist Party (SACP). Liberals are apt to shy away from the subject, lest they be stigmatized as McCarthyite witch-hunters. In fact, however, the ANC party line never diverges by one iota from the pro-Soviet course maintained by the SACP. The ANC is but an adjunct organization. Finally, like most American liberals, the commissioners seem obsessed with *white* racism as a worldwide problem; they do not seem to be sufficiently aware of ethnic discrimination as a widespread phenomenon among nonwhite peoples throughout much of the so-called Third World.[3]

As a result, having spent a great deal of time and money, the commissioners have produced yet one more off-the-target attack on South

3. *See*, for instance, Willem A. Veenhoven, editor, *Case Studies on Human Rights and Fundamental Freedoms: A World Survey*, 5 vols. (The Hague, Netherlands: Nijhoff, 1975–1976).

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Africa. In reaching their conclusions, they merely reflected the wider assumptions current in American academia where liberals heavily predominate particularly in the social sciences, and where conservatives are rarely found (if not excluded altogether) from teaching positions in African studies and even more in black, Afro-American, Chicano, and women's studies.

What are the general characteristics of such investigations? They are excessively funded; they have overly large staffs; they select staff members according to political more than functional criteria. (The staff of the Rockefeller commission, for over a year, had no one who could read Afrikaans.) They seldom consult conservatives. Obviously, foundations have their own political axes to grind. This applies to conservative bodies such as the Mellon Foundation as well as to liberal institutions. The "big three" (Ford, Rockefeller, and Carnegie) are, however, far wealthier and more influential than the rest. They are exceptionally liberal in their political approach, and they discriminate against conservatives in giving grants for the purpose of doing research in "sensitive" subjects such as South Africa. Conservatives such as the authors of this essay, Kenneth Adelman, or Ned Munger are seldom consulted. (Dr. Peter Duignan did give evidence briefly before the commission which wrote *South Africa: Time Running Out*. No one of the commission staff had read his written material beforehand, and all, with the exception of the chairman, F. A. Thomas, seemed hostile to his oral evidence.) Support comes only for those who come out with the "right" answer, that no case can possibly be made for South Africa.

The commission considers that the Reagan administration should express fundamental opposition to South Africa's racial policies. If white South Africans are unwilling to allow for "genuine political power sharing" with the black majority, the United States should impose a form of economic boycott. American firms already operating in the country should not extend their operations. Firms not already established should stay out. In addition the commission calls on U.S. corporations already there to allocate generous amounts of corporate resources to improve the lives of their black employees, to promote black welfare, and to assist in the development of black leadership. But, unlike many liberals, the commission does *not* call for the immediate disinvestment of American capital from South Africa. Nor does it advocate—for the time being—a break in our non-military trade with South Africa (worth $3.4 billion in 1980). It has more limited recommendations, including a limit on sales of advanced technology to South Africa; an increase on U.S. aid to neighboring countries so that they can reduce their dependence on the racist regime; and U.S. stockpiling of strategic minerals so that we too can limit our own dependence on South Africa. In these respects, the Commission occupies a minority and moderate position within the anti-apartheid front.

Nevertheless, in our opinion, the Commission overestimates the power and influence that foreign pressure can yield, partly because they have an exaggerated notion of the importance of foreign investment to the South African economy. Widespread misconceptions not-

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withstanding, South Africa generates 92 percent of its capital at home, and South Africans themselves supply nearly all of the country's technical and managerial skills. And U.S. investments in South Africa, though amounting to about $2 billion, are equal to only 18 percent of South Africa's foreign investments as a whole. Linked with this is the Commission's underestimate of the forces working for economic and social change within the country. The Commissioners believe in some ways that South Africa is still an economic colony, an assumption long since out of date.

Regarding the much-heralded South African revolution, the commission takes a much more realistic tune. It concludes that a violent overthrow of the system is not imminent and that South Africa could well withstand a "war of liberation." The Commission also rightly rejects the notion that foreigners should declare war on the country in order to enforce change. Taking account of South Africa's military strength—the commissioners reject the training and equipping of African resistance movements. Again, it proposes more limited policies: that the U.S. should extend its arms embargo on South Africa and tighten its ban on supplying the country with nuclear materials. If South Africa makes no significant changes in the apartheid system, moreover, the commission calls on the Reagan administration to reduce its diplomatic representative but not to make a complete break. At the same time, the American taxpayer should provide more aid to South Africa's neighbors to reduce their economic dependence on Pretoria. *Time Running Out*, therefore, will satisfy neither the Right nor the Left. But, despite its apparent moderation, it leaves some questions unanswered and suggests mistaken solutions to others.

The commissioners have a profound trust in the efficacy of economic boycotts; they unconsciously base their approach on the assumption that a nation will rather grant political concessions than suffer economic loss. But sanctions historically have been remarkably unsuccessful as a means of international coercion. Stalin's economic boycott of Yugoslavia failed to bring Tito to heal, and American sanctions against Cuba have not forced Castro to amend his policies. South Africa is in a much stronger position than either. It has vigorous manufacturing industries; it manufactures the bulk of its armaments and has stockpiled oil; it is not merely self-sufficient in food, but it is one of the few African states that actually exports it; and it could be self-sufficient in capital, albeit at the expense of its rapid growth rate. In short, South Africa is the wealthiest country in sub-Saharan Africa. A ban on exports to South Africa would not bring down the whites, who would be the last to suffer. On the contrary, sanctions might—in the short run—produce an import substitution boom of the kind initially experienced by Rhodesia after the Unilateral Declaration of Independence.

The chief victims of a boycott would certainly be South Africa's neighbors. All of them—Lesotho, Swaziland, Botswana, Namibia, Mozambique, Zimbabwe, and even Zambia—depend on South Africa for capital, markets, and a wide range of imported goods, for railroad, port, and air facilities, for financial and technical skills, and in many cases for the employment of migrant workers. Apartheid or no

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apartheid, hundreds of thousands of Africans still vote with their feet to come to South Africa (a point that the commission might have considered). There is no way—for the time being—by which the various members of this South Africa-centered trade system can be made self-sufficient and independent from South Africa. The Tan Zam Railway, once extolled as an example of socialist generosity and enterprise, has proved a miserable failure; it has failed to decrease Zambia's dependence on its southern neighbors for rail transport. Where are the resources to come from to construct an alternative transportation system not linked to South Africa? How would new markets be developed—except with South African help?

South Africa's neighbors would not be the only countries to suffer from a boycott: western Europe would also be seriously affected, especially Great Britain. According to a study completed by the British Association of Industries in 1977, a boycott of South Africa would increase British unemployment by over 70,000 and one of its most prosperous markets (£600 million a year) would have to be sacrificed.[4] A South African economist, Arnt Spandau, has estimated that a 20 percent reduction in exports could cause unemployment in South Africa—whites, 90,000; blacks, 340,000. Incomes would drop by one million rand. Furthermore, unemployment and decline in income would hit all the states of Southern Africa. The questions to be answered, then: Is the cost worth the objectives to be gained? Would the objectives be gained even after all this suffering?[5]

As it happens, we agree with much that the study commission recommends. We look to a long-term transformation that will end racism in South Africa and create a democratic society. We also look to the formation of a genuine system of free enterprise in which men will be able to move throughout the country, sell their skills, buy land, invest their capital, find their own friends, and marry according to their own discretion—without being guided throughout their lives by ideologues and bureaucrats. *South Africa: Time Running Out* in some ways thus parallels our own analysis.[6]

We do not, however, regard South Africa as the world's worst country. The number of persons imprisoned, tortured, shot, or hanged in South Africa is tiny by comparison with the dictatorships of black Africa, not to speak of those of the Soviet Union or Cuba. South Africa, unlike the Soviet Union and unlike most of the African dictatorships, has an independent judiciary, a parliamentary opposition (albeit

4. South Africa would be most seriously affected by a fuel boycott, but even so, it is not as vulnerable as many observers think. South Africa does not run on oil; of the country's energy needs, only one-quarter is based on oil. The remaining three-quarters are based on coal or electric power.

5. *See* Arnt Spandau, *Economic Boycott against South Africa: Normative and Factual Issues* (Johannesburg: Labour Research Programme, University of Witwatersrand, 1978).

6. L. H. Gann and Peter Duignan, *Why South Africa Will Survive* (New York: St. Martin's Press, 1981).

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elected by a minority vote), independent universities, and independent churches (many of them bitterly critical of the government). Most of the English-language press opposes the government in a manner unheard of even in a moderate African country such as Zimbabwe or Zambia. Black per capita incomes are higher on the average than they are in black Southern Africa; housing and hospital facilities available to blacks in Soweto are markedly superior to those available to African slum dwellers in Kinshasa, Lusaka, or Nairobi.

Moreover, the South Africans have of late effected considerable reforms in breaking the industrial color bar and extending the African workers' right to join a union and to strike.

Given these circumstances, the United States should encourage South Africa to make moderate reforms. In doing so, we should back the reforming wing of the Nationalist Party (the *verligtes*) against the rightwingers, and against the ultra-conservatives, the *Herstigte* (Reconstructed) *Nasionale Party* (HNP). In the 1981 elections, the HNP failed to gain any electoral seats; the HNP, did, however, succeed in enlarging the share of its poll from 3.3 percent to 13.1 percent. Given the HNP's undeviating opposition to any kind of reform, the United States would make a fatal mistake by failing to support Prime Minister Botha with his more moderate and constructive policy of gradual reform.

We should, for example, quietly press for further improvements in the status of Africans, Indians, and Coloureds in return for ending the arms embargo. There are of course good strategic reasons for taking this course. South Africa controls the Cape route vital to the West's oil tankers; it is a major, perhaps an indispensable reservoir of strategic minerals; and it forms the only available base area in the southern Indian Ocean provided with a network of ports, airports, supply depots, factories, and other military and civilian facilities which we cannot permit under Soviet influence or that of her surrogates.

Instead of calling for boycotts, we should practise that "softening up" diplomacy that liberals are wont to advocate in our dealings with the Soviet Union. We shall have more success in Pretoria than in Moscow, for South Africa, unlike the Soviet government, does not threaten our country in a military sense; neither does South Africa stand committed to exporting its social system to the rest of the globe through diplomacy, trade, subversion, and armed blackmail. We should therefore extend rather than diminish our investments in South Africa; by doing so, we shall create more jobs, better wages, and industrial promotion for blacks.

Industrialists, after all, have no natural preference for whites over blacks; they do not enjoy paying white workers statutory wages based merely on the color of their skins; they wish to promote efficient workers irrespective of race. Manufacturers, moreover, have a vested interest in developing mass markets that comprise black as well as white customers. (Indeed, one of South Africa's most striking developments has been the expansion of black purchasing power over the last two decades.) At the same time, the industrial color bar has begun to crack; the government—once committed to rigid separation—has at last accepted black urbanization as an inevitable and permanent

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fact of life. These changes have come about—not through the impact of lectures and sermons on the part of "committed" scholars and clergymen, but as a result of an ever-increasing demand for skilled labor. It is in South Africa's new industries, and in associated service occupations, that the wage gap between whites and blacks has at last begun to diminish—a process that we should encourage with all means at our disposal.

While encouraging American firms to invest in South Africa, we would naturally expect them to adhere to the so-called Sullivan principles (designed to achieve equal treatment for blacks and whites in American-owned firms). But the principle political point is that an expanding economy run by a white government that feels confident and secure is more likely to institute reforms than one that fears isolation or destruction. To some extent, industrial growth has already brought about a reallocation of income between the various racial groups. (The turning point came about 1970. Between 1970 and 1975 the white share of South Africa's total purchasing power declined from 70.1 to 64.9 percent.) At the same time, Africans became increasingly important to the economy as purchasers of manufactured goods. According to Erich Leistner, a South African economist, the consumption by blacks at the end of the century will be twice that of South Africa's total consumer market at present.

Politically, moreover, an expanding economy can produce a rapidly modernizing society. As people become more alike and share similar values and customs, language and religion, there is less reason for racist discrimination or restrictions on Africans. Furthermore, businessmen know that the largest untapped market for labor and consumers is among the blacks and thus have an interest in an end to apartheid. The case for disinvestment is further weakened by other facts. Companies cannot immediately withdraw their funds from South Africa; it takes about five years for a firm to get its money out, and it costs about 25 percent of the value of the stock because payment is made in so-called "offshore" rands. Furthermore, the plant and technology, the manager and workers, remain. Only ownership and some management personnel change.

U.S. investment has been decreasing in South Africa for several years, due to radical, church, and student pressure and to company fears about South Africa's stability.[7] Most companies now only reinvest their profits, not new money. But some multinationals have been pulling out; for example, International Telephone and Telegraph Corporation. Total western disinvestment totaled 315.7 million rands in 1979, a little less than was invested. This trend may be welcomed by

7. Ironically, after years of preaching disinvestment and pressuring governments and business, the anti-apartheid front has failed to shake businessmen's confidence in South Africa. In 1981 South Africa ranked seventh in the world in creditworthiness and reliability, above even France and West Germany.

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intellectuals in South Africa; it is one that appalls black labor-union members who want more work rather than less.

What should U.S. policy be toward South Africa? Our policy should be based overtly on our national interests and strategic requirements. The Administration, of course, has an obligation to point out to the American public what our interests are and how they should be safeguarded. It would be unwise to exaggerate South Africa's strategic importance in order to achieve a policy of rapprochement with that country for military reasons, to secure strategic minerals, and to counter the Soviet/Cuba threat. Advocacy of close U.S. defense contacts with South Africa is politically unrealistic at this time; it would both please our foes abroad and arouse bitter dissension at home. In the future, the United States should reconsider its policies in accordance with changing strategic needs.

The Carter administration and the commission believed that any form of cooperation with South Africa must be rejected because of the need to safeguard American relations with the independent black states of Africa and, indeed, with all the nations of the Third World. This argument states that it makes no sense, to endanger, say, our growing trade with Nigeria—a country important for its oil—for the sake of propping up an endangered white regime in South Africa. There is some merit in this. The trade of black Africa as a whole *is* more valuable to the leading Western powers than their commerce with South Africa alone. The United States and other Western powers, however, cannot reasonably be expected to align their trade to correspond with the political preferences of other powers. The United States successfully insists on having commercial intercourse alike with Israel and the Arab powers, China and the Soviet Union, Algeria, Morocco, and so forth. The United States likewise has the right to

8. For more detailed information regarding South African—Soviet cooperation in setting prices for a variety of commodities, including gold, diamonds, and various base minerals and for details on South African-Soviet collaboration with regard to the "orderly marketing" of such products and the exchange of technological and marketing information, *see* "How Moscow and Pretoria Carve up the Mineral Market," *Guardian* [Great Britain], August 23, 1981. According to this article, Vladimir Bykov, Deputy Soviet Ambassador to London, admitted quite candidly to B.B.C. correspondents that the U.S.S.R. dealt with men such as Harry Oppenheimer (a South African mining magnate) not as a South African but "as a businessman."

The difficulties of applying morality to diplomacy are many. Few governments outside western Europe and North America are democratic. Few governments are moral or just, or rule for the benefit of their people. If we decide not to deal with Chile, we can hardly deal with any communist regime. If we boycott South Africa because of its racial policies, we must boycott over three quarters of the nations of the world who oppress their opposition, religious groups, or persons who own property. Similarly, in economic affairs, if nations have to pass a moral litmus test before you can trade with them, there would be very little trade indeed.

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trade with South Africa. Western willingness to make concessions on its commerce with South Africa will not satisfy the censors of the West in the U.N.; on the contrary, such concessions may well encourage yet further demands for Western concessions in the political sphere. African statesmen have as keen a sense of *Realpolitik* as their opposite numbers in others parts of the globe; African states trade according to their notions of legitimate self-interest like everyone else. Zambia, for instance, imports mining machinery and food from South Africa—not because the Zambians admire Pretoria's racial policies, but because the Zambian mining economy depends on South African supplies. Mozambique sells power to South Africa, uses her technicians, and sends labor migrants to the Witwatersrand—not because FRELIMO approves of South Africa's political attitudes, but because Mozambique needs South African technical skills and South African gold. The Soviet bloc countries themselves do not hesitate to trade with South Africa in a covert manner (for instance in fixing prices for diamonds and other minerals[8]); so do many other African nations. Indeed, a whole new international service industry has grown up, an industry that specializes in falsifying bills of lading, altering labels, and publishing misleading statistics; it is this industry that enables regimes to reconcile militant rhetoric with economic facts.

George W. Ball in the *Atlantic Monthly* a few years ago put his finger on what has been wrong with U.S. policy towards South Africa: "Diplomacy, like politics, is the art of the possible, and if we use our leverage toward an unachievable end, we will create a mess!" A peaceful but imperfect solution for South Africa is preferable to trying to get a perfect solution by violent means.

The South African whites will dismantle apartheid. It is a restrictive, inefficient, and inhumane system. They will not, however, accept a western parliamentary system based on one man, one vote. Like African and Third World states, the South Africans seek for political solutions that will suit a multiracial and multi-ethnic society, one that is half in the Third World and half in the First World.

The South Africans accordingly have begun to experiment. The old faith in *apartheid* is on the wane; even the *regte Afrikaner*, the one-hundred-percent Afrikaner, no longer believes that the creation of African homelands alone can solve his country's problems. The government has considered the creation of separate Indian and Coloured parliaments, joined with the white parliament through a common link; such projects have as yet failed to find acceptance among Indians or Coloureds; nevertheless, they mark some advance in Afrikaner thinking. We ourselves would favor something like the solution that the Afrikaners have themselves introduced into Namibia where *apartheid* has been dismantled. In Namibia, the so-called Turnhalle Democratic Alliance represents an attempt to create a solution acceptable to all of Namibia's disparate ethnic communities, a solution designed also to safeguard the citizens' person and property, and to maintain a free enterprise economy. The road to peace in South Africa lies in appealing to the moderates.

What of the future? If the present system fails to work, the South

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Africans may have to switch to a presidential system in which the powers of Parliament will be much reduced. A reforming presidency might be able to rely on the South African Defense Force whose senior officers tend to be *verlig* rather than *verkramp*—reformists rather than conservatives. The army is willing to fight a foreign enemy; the army understands, however, that guerrilla wars are political as much as military conflicts and cannot be won by guns alone.

We ourselves believe that a Consociational system would ultimately be South Africa's best hope. A consociational system would entail proportional representation for each ethnic group, a joint veto enabling each ethnic group to invalidate new legislation deleterious to its interests, and rule through ethnic elites in one parliament. Each group would enjoy local autonomy. Consociation implies continued social and ethnic diversity based on a policy of pragmatism and tempered by cooperation between the elites in each social group. The elites would act as brokers to limit conflict and to reach accommodation with a balance of power between their competing interests.

The commission's approach unfortunately is simplistic. The commissioners act as if all would be solved if the whites stopped being racists and established a new regime based on the principle of "one man-one vote." The experiences of other multi-ethnic societies in the so-called Third World do not, however, give support to the commissioners' optimism. Western democracies can allow power to pass from party to party; politics is not a zero-sum game. Ethnically and racially diverse societies, on the other hand, all too often play the political game by a different rule, on the principle of winner takes all; loser gives up all he has—his job, his farm, his bank account, perhaps even his life. Constitutional guarantees under those circumstances may mean little in the long run. As Hobbes once put it, "covenants without the sword are but words and are of no use to protect any man."

White South Africans act as they do, not because they are evil men or racists but because of their history of conflict with Black peoples, the multi-racial structures of their society, and the experience of so many other Third World minorities that have suffered expropriation or expulsion. These are the facts of life, and these the commission has failed to understand.

Peter Duignan and *L. H. Gann*

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